

## The Accounts Commission for Scotland

### Agenda

Meeting on Thursday 9 October 2014  
in the offices of Audit Scotland, 18 George Street, Edinburgh

The meeting will begin at 10.00am

1. **Apologies for absence.**
2. **Declarations of interest.**
3. **Decisions on taking business in private:** The Commission will consider whether to take items 9 to 11 in private.
4. **Minutes of meeting of 25 September 2014.**
5. **Update report by the Secretary to the Accounts Commission:** The Commission will consider a report by the Secretary to the Commission on significant recent activity in relation to local government.
6. **Update report by the Controller of Audit:** The Commission will consider a verbal report by the Controller of Audit providing an update on his recent activity.
7. **Orkney Community Planning Partnership:** The Commission will consider a report by the Controller of Audit and the Auditor General for Scotland.
8. **Meeting arrangements 2015:** The Commission will consider a report by the Secretary to the Commission.

***The following items are proposed to be considered in private:***

9. **Orkney Community Planning Partnership:** The Commission will consider the action it wishes to take on the report.
10. **Draft report: Community planning – a national overview:** The Commission will consider a report by the Director of Performance Audit and Best Value and the Auditor General for Scotland.
11. **Commission business matters:** The Commission will discuss matters of interest.

The following papers are enclosed for this meeting:

<b>Agenda Item</b>	<b>Paper number</b>
<b>Agenda Item 4:</b> Minutes of meeting of the Commission of 15 May 2014	AC.2014.8.1
<b>Agenda Item 5:</b> Report by Secretary to the Commission	AC.2014.8.2
<b>Agenda Item 7:</b> Report by Controller of Audit and the Auditor General for Scotland	AC.2014.8.3
<b>Agenda Item 8:</b> Report by Secretary to the Commission	AC.2014.8.4
<b>Agenda Item 10:</b> Report by Director of Performance Audit and Best Value and the Auditor General for Scotland	AC.2014.8.5

**ACCOUNTS COMMISSION**

**MEETING 9 OCTOBER 2014**

**MINUTES OF PREVIOUS MEETING**

---

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland at 18 George Street, Edinburgh, on Thursday, 25 September 2014, at 10.00am

**PRESENT:** Douglas Sinclair (Chair)  
Mike Ash  
Alan Campbell  
Sandy Cumming  
Colin Duncan  
Christine May  
Linda Pollock  
Colin Peebles  
Graham Sharp  
Pauline Weetman

**IN ATTENDANCE:** Paul Reilly, Secretary to the Accounts Commission  
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)  
Antony Clark, Assistant Director, PABV [Items 9 & 13]  
Miranda Alcock, Senior Manager, PABV [Items 9 & 13]  
Peter Worsdale, Project Manager, PABV [Items 9 & 13]  
Russell Frith, Assistant Auditor General [Items 11, & 16]  
Anne Cairns, Manager – Benefits, Audit Strategy [Item 11]  
Mark Taylor, Assistant Director, Audit Services [Item 12]

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Decisions on taking business in private
4.	Minutes of meeting of 19 June 2014
5.	Minutes of meeting of Financial Audit and Assurance Committee of 11 September 2014
6.	Minutes of meeting of Performance Audit Committee of 11 September 2014
7.	Update report by the Secretary to the Accounts Commission
8.	Update report by the Controller of Audit
9.	West Lothian Community Planning Partnership
10.	Edinburgh Trams
11.	The impact of welfare reforms on council rent arrears in Scotland
12.	Equalities update
13.	West Lothian Community Planning Partnership [ <i>in private</i> ]
14.	Feedback on joint workshop about performance audit programme [ <i>in private</i> ]
15.	<i>How Councils Work</i> series [ <i>in private</i> ]
16.	Audit Scotland Budget 2015/16 and audit charges 2014/15 audits [ <i>in private</i> ]
17.	Commission business matters [ <i>in private</i> ]

## Opening remarks by the Chair

The Chair noted that this meeting would be the last in the terms of Mike Ash and, in his absence, Bill McQueen. He paid tribute to the outstanding support and commitment he and the Commission had received from Mike Ash as a Commission member, and from Bill McQueen as a Commission member, Chair of the Financial Audit and Assurance Committee and member of the Strategic Scrutiny Group. He wished them well for the future.

### 1. Apologies for absence

It was noted that apologies for absence had been received from Colin Peebles and Bill McQueen.

### 2. Declarations of interest

The following declarations of interest were made:

- Mike Ash, in items 9 and 13, as a member of the Board of NHS Lothian.
- Sandy Cumming, in items 9 and 13, as a member of the board of Scotland's Rural College.
- Linda Pollock, in items 9 and 13, as a former Executive Nursing Director for NHS Lothian, and in item 14, as a member of the board of the Care Inspectorate.

### 3. Decisions on taking business in private

It was agreed that items 13 to 17 should be taken in private as they contained draft reports and confidential issues.

### 4. Minutes of meeting of 19 June 2014

The minutes of the meeting of 19 June 2014 were submitted and approved as a correct record.

Arising therefrom, advice from the Secretary to the Commission was noted that:

- In relation to item 7 (first bullet point: Commission's obligations to Gaelic), the Commission has not been identified by Bòrd na Gàidhlig as requiring to publish a Gaelic Language Plan, although the Commission has in the past published selected reports, such as Best Value reports for Highland and Comhairle nan Eilean Siar, in Gaelic.

Following discussion, it was agreed that, notwithstanding that the Commission having no legal requirements in this regard, the Secretary to the Commission report on the implications of the Commission undertaking more Gaelic related activities.

*Action: Secretary*

- In relation to item 8 (first bullet point: *Future Cities* and *What Works Scotland* initiatives), information in this regard had been made available on the members portal.
- In relation to item 11 (Benefits performance audit: annual report), the Chair had written to all council leaders, chairs of audit committees and chief executives enclosing the report and advising them of the main messages therein.

- In relation to item 12 (Statutory performance information 2012/13: an evaluation of public performance reporting), the Chair had written to all council leaders, chairs of audit committees and chief executives in relation to the evaluation exercise, which had generated substantial interest from councils.

Further in this regard, advice from the Director of Performance Audit and Best Value was noted that he would report at a future meeting on proposals for future evaluation of public performance reporting.

*Action: Director of Performance Audit and Best Value*

- In relation to item 18 (Accounts Commission annual action plan progress report and annual report), Commission members had further discussed a narrative at their recent business day event, and the Commission would further consider this matter at a forthcoming meeting.

5. Minutes of meeting of Financial Audit and Assurance Committee of 11 September 2014

The minutes of the meeting of the Financial Audit and Assurance Committee of 11 September 2014 were submitted and approved as a correct record.

6. Minutes of meeting of Performance Audit Committee of 11 September 2014

The minutes of the meeting of the Performance Audit Committee of 11 September 2014 were submitted and approved as a correct record.

7. Update report by the Secretary to the Accounts Commission

The Commission considered a report by the Secretary to the Commission providing an update on significant recent activity relating to local government and issues of relevance or interest across the wider public sector.

During discussion, in relation to paragraph 4 (report on Self-Directed Support) the Commission noted advice from the Director of Performance Audit and Best Value that the Care Inspectorate and Health Improvement Scotland had received copies of the report.

Thereafter the Commission agreed to note the report.

8. Update report by the Controller of Audit

The Controller of Audit provided a verbal update on his recent activity including meetings and discussions with stakeholders.

The Commission:

- Agreed that James Mitchell of *What Works Scotland* be considered as a possible future visiting speaker.
- Noted the report.

9. West Lothian Community Planning Partnership

The Commission considered a report by the Secretary introducing a report, by the Controller of Audit and the Auditor General for Scotland, of the audit of West Lothian Community Planning Partnership and seeking direction on how to proceed.

Following consideration, the Commission agreed:

- That future such reports provide more detail on:
  - the composition of CPP boards.
  - the composition and resources involved in CPP support teams.
- That future such reports provide more information like that in Exhibit 13 of the report (i.e. health inequality gaps).

*Actions: Controller of Audit*

- To note the report.
- To consider in private how to proceed.

#### 10. Edinburgh Trams

The Commission considered a report by the Director of Performance Audit and Best Value advising of the latest position regarding the proposed public inquiry into the Edinburgh trams project and inviting the Commission to consider how it might best support the inquiry.

Following consideration, the Commission agreed:

- To note advice from the Director of ongoing financial audit work associated with the trams project.
- Agreed that a summary of the possible scope of appropriate audit work in relation to the trams project be produced and submitted to the public inquiry as appropriate.
- To note that, notwithstanding this, the public inquiry may issue a formal call for evidence and accordingly to await further advice in this regard.
- To note the report.

*Actions: Secretary and  
Director of Performance Audit and Best Value*

Thereafter the Commission agreed to note the report.

#### 11. The impact of welfare reforms on council rent arrears in Scotland

The Commission considered a report by the Assistant Auditor General advising of the outcome of his review of the impact of welfare reforms on council rent arrears in Scotland.

Following consideration, the Commission:

- Agreed that the report be revised in the following terms:
  - Information on councils' performance in their family groups established in the local government benchmarking project.
  - More information on issues associated with those councils operating 'no eviction' policies.
  - More clarity on phraseology such as "rent debit".
  - Reference to councils' fiduciary duty.

- Reference to roles and responsibilities in councils, for example the monitoring officer.

*Actions: Assistant Auditor General*

- Agreed that the Chair write to all council leaders, chairs of audit committees and chief executives, commending the report (as revised) and setting out the main messages therefrom.

*Action: Secretary and Assistant Auditor General*

Thereafter the Commission agreed to note report.

## 12. Equalities update

The Commission considered a report by Mark Taylor, Chair of Audit Scotland's Diversity and Equality Steering Group, providing a summary of the progress being made with its equalities outcomes.

During discussion the Commission:

- Noted the equalities issues associated with public board recruitment methods in Scotland and England.
- Noted issues around the changing gender balance in the accountancy profession.
- Agreed that the Commission consider when appropriate its obligations in relation to the diversity of its membership.
- Agreed that the Secretary to the Commission's report on the implications on the Commission undertaking more Gaelic related activities, as set out in item 4 above, include reference to other languages as appropriate.
  - *Action: Secretary*
- Agreed that Mark Taylor report back on his forthcoming meeting with the Equalities and Human Rights Commission (EHRC) on the inability of EHRC to provide data on the performance of individual councils in relation to their response to the Equality Act.
  - *Action: Chair, Audit Scotland Diversity and Equality Steering Group*
- Agreed that the Secretary report on issues around the accessibility of Commission meetings, including the practice of meeting in public.
  - *Action: Secretary*
- Agreed that the action against item 1.2 of the equality outcomes action plan, in relation to analysing data to help understand public use of local government services, be revised to better reflect the analytical work done in various Commission performance audit reports.
  - *Action: Chair, Audit Scotland Diversity and Equality Steering Group*

Thereafter the Commission agreed to note report.

13. West Lothian Community Planning Partnership [in private]

The Commission agreed that this item be held in private to allow it to consider how to proceed in relation to a report by the Controller of Audit.

The Commission discussed how to proceed in relation to the report by the Controller of Audit and Auditor General for Scotland on the audit of West Lothian Community Planning Partnership.

Following discussion, the Commission agreed to make findings, to be published in early course.

*Action: Secretary*

The Chair noted that Miranda Alcock would shortly be leaving Audit Scotland. He thanked her for her input to and support of the Commission and wished her well for the future.

14. Feedback on joint workshop about performance audit programme [in private]

The Commission agreed that this item be held in private to allow discussion of possible subjects for inclusion in the performance audit programme.

The Commission considered a report by the Director of Performance Audit and Best Value giving feedback on the recent workshop to explore potential areas for the performance audit programme with regard to policy issues, risks and opportunities across the Scottish public sector.

Following consideration, the Commission agreed to:

- Note the feedback from the workshop.
- Note the issues arising from the Strategic Scrutiny Group's recent consideration of key public sector risks and policy developments.
- Note that further discussions with scrutiny partners on the performance audit programme and *How Councils Work* series would take place once the Commission developed its draft work programme.
- Note that proposals for the 2015/16 programme will be brought to the meeting in November for the Commission's consideration.

*Action: Director of Performance Audit and Best Value*

15. How Councils Work series [in private]

The Commission agreed that this item be held in private to allow it to discuss the next steps for the *How Councils Work* series.

The Commission considered a report by the Secretary to the Commission seeking its views on future subjects for the *How Councils Work* (HCW) series of reports

Following consideration, the Commission:

- Agreed to the principle of publishing two HCW reports per year.
- Agreed to endorse the view of the Performance Audit Committee that the forthcoming report on Borrowing and Treasury Management include practical information such as checklists which would be branded as part of the HCW series.



- Agreed to progress with a report updating the first HCW report on roles and working relationships, particularly around training and development and performance appraisal for elected members.

*Action: Director of Performance Audit and Best Value*

16. Audit Scotland budget 2015/16 and audit charges 2014/15 audits [in private]

The Commission agreed that this item be held in private to allow it to discuss confidential information in relation to Audit Scotland's budget.

The Commission considered a report by the Assistant Auditor General briefing the Commission on Audit Scotland's budget for the financial year 2015/16 and seeking the Commission's agreement to the proposed audit charges for the 2014/15 audits.

Following consideration, the Commission:

- Endorsed Audit Scotland's budget proposal for 2015/16.
- Agreed the charging proposals for 2014/15 audits and noted the provisional proposals for the following audit year.
- Agreed that in future, scheduling ensure appropriate Commission consideration of such matters.

*Action: Secretary and Assistant Auditor General*

17. Commission business matters [in private]

The Commission agreed that this item be held in private to allow discussion of issues of a confidential nature.

The Chair briefed the Commission on matters of interest.

**ACCOUNTS COMMISSION**

**MEETING 9 OCTOBER 2014**

**REPORT BY SECRETARY TO THE ACCOUNTS COMMISSION**

**UPDATE REPORT**

---

**Introduction**

1. The purpose of this report is to provide a regular update to the Commission on significant recent activity relating to local government, as well as issues of relevance or interest across the wider public sector.
2. The regular Controller of Audit report to the Commission which updates the Commission on his activity complements this report. The Commission's Financial Audit and Assurance Committee also receives a more detailed update on issues relating to local government. Further, detailed news in relation to local government activity is provided in the weekly media digests produced by Audit Scotland's Communications Team and provided to Commission members alongside Commission meeting papers.
3. The information featured is also available on the Accounts Commission member portal. Hyperlinks are provided in the electronic version of this report for ease of reference.

**Commission business**

4. The Commission welcomes three new members. The Cabinet Secretary has appointed Ronnie Hinds as Deputy Chair and Tim McKay and Stephen Moore as members. Their initial term is for four years from 1 October 2014.
5. The Chair of the Commission will advise members in due course of how the change in the Commission's membership will affect the make-up of the Commission's two committees.

***Audit Scotland:***

6. Audit Scotland budget proposals have been approved by the Audit Scotland Board and submitted to the Scottish Commission for Public Audit (SCPA), who will consider them as part of the autumn budget discussions. Fee increases of 1 per cent for the 2014/15 audits represent a real terms reduction of 0.6 per cent. Over the past four years a significant real terms reduction in audit fees of 23.5 per cent has been achieved.
7. There have been a number of personnel changes to the Audit Scotland Board, taking effect as of 1 October 2014. John Maclean has taken over from Ronnie Cleland as chair. Previously, he served as Chair of the Audit Committee for almost five years. Heather Logan also joins the board following on from her appointment in January 2014 as a co-opted member of the Audit Committee for a term of one year. She will become Chair of the Audit Committee with immediate effect. There were other changes to the Board earlier this year. In March, Katharine Bryan, one of three independent board members, stepped down She was replaced by Ian Leitch from 1 April, and he chairs the Remuneration and Human Resources Committee.

8. Audit Scotland has become a signatory to Public Concern at Work's [First 100 campaign](#) in support of the Whistleblowing Commission's Code of Practice. The Code of Practice includes 15 recommendations for raising, handling, training and reviewing workplace whistleblowing, creating a more open and transparent working culture.

## **Issues affecting local government**

### **Scottish Government:**

9. In the Referendum on Independence for Scotland on 18 September 2014, Scotland voted against becoming an independent country by 55 per cent to 45 per cent. Analyses of the results by local authority area are available at the Scottish Independence Referendum [website](#), [BBC Online - Scotland Decides](#) and in the SPICe Briefing, [Scottish Independence Referendum 2014: Results](#), published 19 September 2014.
10. On 22 September 2014, the Scottish Government published [Responses to the Scottish Government public consultation on the draft Regulations and Orders that will accompany the Public Bodies \(Joint Working\) \(Scotland\) Act 2014](#). The consultation covered the period, 27 May to 18 August 2014. A total of 118 responses from individuals and organisations have been published, including the [joint response](#) from the Auditor General for Scotland and Accounts Commission. More details, including the full responses, are available on the Scottish Government's [website](#).
11. On 29 September 2014, the Scottish Government [commented](#) on the latest [Household waste - January to December 2013](#) statistics published by SEPA. In the statement Richard Lochhead, Environment Secretary, acknowledged that recycling rates are improving overall but there is still scope for further improvement. Nine councils met the 50 per cent recycling target, and others have improved their performance. Figures show the percentage of household waste recycled in 2013 was 42.2 per cent, an increase of 1 percentage point on 2012, and 10 percentage points on 2007. The amount of household waste generated had fallen from 3 million tonnes in 2007 to 2.4 million tonnes in 2013, a reduction of 20 per cent between 2007 and 2013.

### **Scottish Parliament**

#### *Chamber Proceedings:*

12. On [23 September 2013](#), the Presiding Officer, Tricia Marwick [opened](#) the Scottish Parliament after the recess. A [Referendum Statement](#) was given by the First Minister, Alex Salmond, followed by an extended [debate](#) on the statement (23 to 24 September 2014).

### **Parliamentary Committee News:**

#### *Local Government and Regeneration Committee:*

13. At its meeting of 24 September 2014, the Committee took evidence, in round table format, on the [Community Empowerment \(Scotland\) Bill](#) at Stage 1. It agreed its approach to the scrutiny of the Bill at Stage 1 including the witnesses it wishes to invite to give oral evidence on the Bill. The Committee also agreed a digital engagement strategy to enhance its level of engagement with the public, and community groups, as part of its Stage 1 scrutiny. The Committee also agreed its approach to its upcoming scrutiny of the Scottish Public Sector Ombudsman's (SPSO) 2013 annual report.

14. On 1 October 2014, the Committee continued its consideration of evidence on the [Community Empowerment \(Scotland\) Bill](#) at Stage 1.
15. The Scottish Government has responded to the Committee's report to the Scottish Parliament of 27 June 2014 on its Inquiry into the Flexibility and Autonomy of Local Government. In the reply, dated 26 September 2014, Derek Mackay MSP, Minister for Local Government and Planning, refers to the publication of Empowering Scotland's Island Communities being the first steps towards implementing the First Minister's Lerwick declaration of commitment to subsidiarity. He also refers to the publication of the Community Empowerment Bill and to the prospect of extended powers of the Scottish Parliament in the wake of the independence referendum.

*Public Audit Committee:*

16. At its 1 October meeting, the Committee considered a briefing on the Audit Scotland report entitled National Fraud Initiative in Scotland from Russell Frith, Assistant Auditor General, and Owen Smith, Senior Manager, Audit Scotland. Also at this meeting, the Committee considered the Section 23<sup>1</sup> report, *Accident and Emergency - Performance update*. It heard evidence from Angela Canning, Assistant Director, Tricia Meldrum, Senior Manager, and Catherine Young, Project Manager, Audit Scotland.
17. The Committee also considered responses from the Scottish Government and the Scottish Police Authority to the Committee's report entitled "Report on Police reform".

*Infrastructure and Capital Investment Committee:*

18. The Committee's meeting of 1 October 2014 was a single item agenda devoted to consideration of Homelessness in Scotland. It heard evidence from various stakeholders including representatives of COSLA, Local Authority Chief Housing Officers and Society of Local Authority Chief Executives (SOLACE).

*Finance Committee:*

19. At its 1 October 2014 meeting, the Committee considered an item on Draft Budget Scrutiny 2015-16. It took evidence on 'performance budgeting' from Fraser McKinlay, Director of Performance Audit and Best Value, Audit Scotland; Colin Mair, Chief Executive, Improvement Service; and Gareth Davies, Policy and Technical Officer, Chartered Institute of Public Finance and Accountancy.
20. Also at this meeting, the Committee took evidence on the Financial Memorandum of [Welfare Funds \(Scotland\) Bill](#).

*Welfare Reform Committee*

21. On 30 September 2014, the Committee took evidence, in a roundtable discussion, on the [Welfare Funds \(Scotland\) Bill](#) at Stage 1 from various representatives of local authorities, including, Aberdeenshire Council; Dundee City Council, Comhairle nan Eilean Siar; Renfrewshire Council; South Lanarkshire Council; West Lothian Council.. More details are available on the Committee's [webpage](#).

---

<sup>1</sup> The Auditor General for Scotland (AGS) reports to the Public Audit Committee under Section 23 of the Public Finance and Accountability Act on economy, efficiency and effectiveness of public sector bodies (excluding local government).

*Bills – Progress Updates:*

22. The [Community Empowerment \(Scotland\) Bill](#) was introduced by the John Swinney MSP, Cabinet Secretary, on 11 June 2014. Stage 1 consideration is due to be completed by 6 February 2015. The Local Government and Regeneration Committee is the lead committee.
23. Consideration of the [Criminal Justice \(Scotland\) Bill](#) at Stage 2 is continuing – a completion date has not yet been considered. Stage 1 consideration was completed on 27 February 2014. The lead committee is the Justice Committee.
24. Consideration of the Government Bill, [Air Weapons and Licensing \(Scotland\) Bill](#) (introduced 14 May 2014) continues. The Local Government and Regeneration Committee is lead committee. A Stage 1 completion date has yet to be scheduled.
25. The [Welfare Funds \(Scotland\) Bill](#) was introduced by Nicola Sturgeon MSP, Cabinet Secretary, on 10 June 2014. The lead committee is the Welfare Reform Committee. Stage 1 consideration continues.
26. The Justice Committee completed Stage 2 consideration of the [Courts Reform \(Scotland\) Bill](#) at on 27 June 2014.
27. The [Disabled Persons' Parking Badges \(Scotland\) Bill](#) received Royal Assent on 24 September 2014. The Bill had been passed at Stage 3 on 19 August 2014. The Local Government and Regeneration Committee was lead committee.
28. The [Revenue Scotland and Tax Powers Bill](#) received Royal Assent on 24 September 2014. It was passed at Stage 3 on 19 August 2014. The lead committee was the Finance Committee.

**People and Appointments:**

*Parliamentary and Party Political:*

29. On 24 September 2014, nominations for the leadership of the SNP opened, following Alex Salmond's decision not to seek re-election as Leader and First Minister of Scotland. Nicola Sturgeon has [announced](#) her intention to stand as Leader. Keith Brown MSP, Minister for Transport and Veterans, Stewart Hosie MP, Dundee East MP, and Angela Constance MSP, Youth Employment Minister, have [announced](#) their candidacies for the post of Depute Leader. Nominations for both posts close at 16:00 on 15 October. Ballot papers will be issued to members on 22 October, with the deadline for returns of 12 November. The result to be announced at the SNP conference at midday on Thursday 13 November.
30. Central Scotland MSP John Wilson, MSP for Central Scotland, [announced](#) his intention to leave the SNP parliamentary group (23 September 2014). He will continue to sit as an independent, reducing the SNP's majority to one. He is currently Deputy Convener of the Local Government and Regeneration Committee and sits on the Public Petitions Committee.

*Smith Commission appointments:*

31. Scottish political parties have [announced](#) their representatives on Lord Smith of Kelvin's devolution commission. Written submissions from the parties are expected to be returned by 10 October 2014 and will be published online shortly thereafter.

- SNP - John Swinney MSP and Linda Fabiani MSP.
- Scottish Green Party - Patrick Harvie MSP and Councillor Maggie Chapman
- Scottish Labour - Iain Gray MSP and one other Labour MP (to be confirmed)
- Scottish Conservatives - Baroness Goldie and Prof Adam Tomkins
- Scottish Liberal Democrats - Michael Moore MP and Tavish Scott MSP.

### **COSLA, Improvement Service etc.:**

32. The COSLA Leaders Group met on 26 September 2014. Major items of business considered at the meeting included debates on [Use of Armed Policing in Scotland](#), [Mental Health \(Scotland\) Bill](#); and [Distribution Issues](#). In relation to Armed Policing, the Group agreed a report setting out the principle that police officers should not carry firearms on regular duties and criticising the lack of communication and consultation on the issue. The report also commented on the perceived lack of local scrutiny and monitoring arrangements of national policing strategy at local authority level. The next meeting of the Leaders Group is scheduled for 21 November 2014.

### **Current activity and news in local government:**

#### *Individual councils:*

33. The following paragraphs highlight current activity and news occurring in local government over the previous month as well as developing issues. The items are drawn from a range of sources including news articles, websites and media summaries. Some of the more significant issues are highlighted in the following sections.
34. Scottish Secretary Alistair Carmichael [has written](#) on 26 September to Orkney, Shetland and Western Isles councils on implementing the Islands Framework agreed in August. He advises that he hopes to make progress on its implementation in the coming weeks. He also states his belief that the Scottish Government could devolve more power to local communities in areas such as transport, health and policing.
35. Media reports indicate that Aberdeenshire Council intends to retrieve tax arrears by cross checking thousands of people who registered on the electoral role to vote in the referendum. City of Edinburgh Council has also indicated it would examine the updated electoral roll and other councils are expected to consider similar exercises. The updated roll offers the potential for councils to check data on arrears going back many years, potentially also including the community charge, or 'poll tax'. COSLA commented that all councils have an obligation to collect outstanding money. More details are available at [BBC Online](#).

### **Scrutiny and Inspection Bodies**

#### *Scottish Housing Regulator:*

36. On 24 September 2014, the Scottish Housing Regulator published [National Panel of Tenants and Service Users - Report of findings from year one](#). Key findings from the report indicate that repairs, maintenance and dealing with anti-social behaviour are the most important social landlord services. The report reflects the views and priorities of the Scottish Housing Regulator's National Panel of Tenants and Service Users. The Panel was established in 2013 as a means to better understand the opinions and experiences of tenants and others who use social landlords' services. More details are available on SHR's [website](#).

*Care Inspectorate / Health Improvement Scotland:*

37. The Care Inspectorate and Health Improvement Scotland published reports presenting the findings of two pilot joint inspections of adult health and social care services. The two pilot inspections were carried out in Moray and Aberdeenshire, following three test inspections in other local authority areas in 2013. The purpose of the reports is to describe the progress the Moray and Aberdeenshire partnerships are making towards joint working, and how that progress is impacting on outcomes for older people. The findings are summarised below:
- [Joint inspection of older people's services in Aberdeenshire](#) was published on 19 August 2014. Eight out of ten quality indicators were rated as good, with two indicators rated adequate.
  - [Joint inspection of older people's services in Moray](#) was published on 19 August 2014. Of the ten quality indicators, one was rated very good, five were good and four were adequate.

*Education Scotland:*

38. The annual [Scottish Learning Festival 2014](#) was held on 24 to 25 September 2014, in Glasgow. The focus of this year's event was 'Raising achievement and attainment for all'. The Festival offered an opportunity for speakers and delegates to network and learn about developments in education practice. More than 4000 delegates attended the two-day event, over 100 seminars were run and there were 150 exhibitors. Michael Russell, Cabinet Secretary for Education and Lifelong Learning, delivered the opening keynote address.

*Scottish Public Sector Ombudsman (SPSO):*

39. [SPSO News – September](#) was published 24 September 2014. The September newsletter summarises August case numbers, outlines Investigations Reports and highlights recent SPSO news and activities. More detailed intelligence from the SPSO was considered by the Financial Audit and Assurance Committee on 11 September 2014.

*Commissioner for Ethical Standards in Public Life in Scotland:*

40. During the period July to September 2014, the Commissioner published decisions on 15 complaints, of which two were deemed to be breaches, relating to [Councillor George Black](#), West Dunbartonshire Council, and [Councillor Alastair Cranston](#), Scottish Borders Council. As with all breaches, the Commissioner referred both cases to the [Standards Commission for Scotland](#) to investigate. No breach was determined seven cases and six were not pursued. There were no complaints outwith jurisdiction or withdrawn. More detailed intelligence in this regard was considered by the Financial Audit and Assurance Committee on 11 September 2014.

*Standards Commission for Scotland:*

41. During July to September 2014, the [Standards Commission](#) undertook two investigations into complaints against councillors (referred from [Commissioner](#)), namely [Councillor Alastair Cranston](#) and [Councillor George Black](#). In both cases, the Commission decided to hold a Hearing, (in October and November 2014 respectively). More detailed intelligence in this regard was considered by the Financial Audit and Assurance Committee on 11 September 2014.

## Other UK Audit Bodies

### *National Audit Office:*

42. On 19 September 2014, the NAO launched a [public consultation](#) on a draft Code of Practice for the audit of local public bodies. This follows the August 2010 announcement of the Government's intention to disband the Audit Commission and introduce new audit arrangements for local public bodies in England. The consultation is open to anyone with an interest in the draft Code. The deadline for responses to the NAO is 31 October 2014. Following the consultation, the NAO will publish the final Code before the end of 2014, for consideration in early 2015 by Parliament.

### *Audit Commission:*

43. On 25 September 2014, the Audit Commission published [Interpreting the Accounts: A Review of Local Government Financial Ratios 2007/08 to 2012/13](#) which outlines changes in the ratios for English councils during a period of considerable change for local government finance. Underpinning the report is the Commission's [Financial Ratios tool](#), which publishes data from local government financial accounts. The tool focuses on five key financial ratios that provide context for an organisation's income, assets, debt and reserves, making it easier to compare organisations and assisting people in holding local public bodies to account. The report recommends that local government should compile its own financial ratios data for comparison to support the better local transparency and accountability, when the Commission closes in March 2015.

## Westminster

### *Public Accounts Committee:*

44. The Committee published its report on [Local government funding: assurance to Parliament](#) on 12 September 2014. The report reviews the changes introduced by the Department for Communities and Local Government, which allow English councils more flexibility to use government funding to support local priorities. It concludes that although residents and councillors have a greater role in scrutinising local authority decisions, this has not been adequately supported. As yet, the Department cannot demonstrate that the new local accountability system ensures that local authorities achieve value for money. Clearer and more transparent arrangements and rules are required.
45. On 25 September 2014, the Committee published its report into [Maintaining Strategic Infrastructure: Roads](#) which reviewed the roads maintenance in England. It concludes that although the Department for Transport and Highways Agency is making progress in road maintenance, further improvement is required, particularly in relation to preventative measures. It notes that public satisfaction with roads is at its lowest level since confidence surveys began.

## Conclusion

46. The Commission is invited to consider and note this report.

**Paul Reilly**  
**Secretary to the Accounts Commission**  
**1 October 2014**



**ACCOUNTS COMMISSION**

**MEETING 9 OCTOBER 2014**

**COVER NOTE BY SECRETARY TO THE COMMISSION**

**ORKNEY COMMUNITY PLANNING PARTNERSHIP**

---

**Purpose**

1. The purpose of this report is to introduce for the Commission's consideration the report of the audit of Orkney Community Planning Partnership. The report is by the Controller of Audit and the Auditor General for Scotland.

**Background**

2. In 2011, the Cabinet Secretary for Finance, Employment and Sustainability, John Swinney, asked the Accounts Commission to prepare an outline case of how external audit and inspection might support the delivery of better outcomes by Community Planning Partnerships (CPPs).
3. At its meeting on 17 May 2012, the Commission endorsed a proposed approach to the audit of community planning. On 29 June 2012, this approach was shared with the Cabinet Secretary. Subsequent feedback from Scottish Government officials and the minister's office on the proposals was positive.
4. Aberdeen City, North Ayrshire, and the Scottish Borders community planning partnerships agreed to participate in three early audits to be done by the Commission and the Auditor General for Scotland. These audits took place during 2012. At its meeting on 14 February 2013, the Commission agreed to make findings on the reports in conjunction with the Auditor General. The reports were published on 20 March 2013.
5. At the same time a national overview report was published which drew on the common messages emerging from these three reports together with Audit Scotland's insights and conclusions drawn from its previous Best Value audit work in local government, police and fire, previous performance audits on partnership working (e.g. Community Health and Care Partnerships) and earlier national reports on community planning.
6. At its meeting on 20 June 2013, the Commission considered the report of an independent evaluation of the three CPP audits. At its subsequent meeting on 22 August 2013, the Commission agreed its response to the evaluation. At its meeting on 12 September 2013, the Commission endorsed a proposed CPP audit programme for 2013/14. The programme consists of five audits of community planning partnerships, namely:
  - Glasgow
  - Falkirk
  - Moray
  - West Lothian
  - Orkney

There will also be a national report to accompany the publication of the five reports.

7. The first of these, for Glasgow, was published on 30 April. The second, Falkirk, was published on 29 May. The third, Moray, was published on 10 July. The fourth, for West Lothian, was considered by the Commission at its meeting on 25<sup>th</sup> September and is

scheduled for publication on 23 October. This fifth report for Orkney is submitted to the Commission today for its consideration.

### **The report**

8. The report is made under section 102(1)(a) of the Local Government (Scotland) Act 1973 (as amended by various subsequent pieces of legislation including the Local Government in Scotland Act 2003).
9. The legislation enables the Controller of Audit to make reports to the Commission with respect to:
  - a) the accounts of local authorities audited under the Act;
  - b) any matters arising from the accounts of any of those authorities or from the auditing of those accounts being matters that the Controller considers should be considered by the local authority or brought to the attention of the public; and
  - c) the performance by a local authority of their statutory duties in relation to best value and community planning.
10. The report is made jointly with the Auditor General for Scotland, who makes the report under Section 23 of the Public Finance and Accountability (Scotland) Act 2000.

### **Consideration of the report**

11. The Controller of Audit and members of the audit team from Audit Scotland will be present at the Commission meeting to answer questions.
12. The legislation provides that, on receipt of a Controller of Audit report, the Commission may do, in any order, all or any of the following, or none of them:
  - a) direct the Controller of Audit to carry out further investigations;
  - b) hold a hearing;
  - c) state its findings.
13. If the Commission considers that it requires further information to proceed with its consideration of the report, it may direct the Controller of Audit to carry out further investigations. If the Commission is satisfied with the information which it has, it may wish to proceed to make findings unless members consider that a hearing is necessary. If the Commission chooses to reach findings, then the report will be published jointly between the Commission and the Auditor General.
14. Findings may include recommendations and the persons to whom those recommendations may be made include Scottish Ministers, who have powers to make an enforcement direction requiring an authority to take such action as is specified in the direction.

### **Conclusion**

15. The Commission is invited to:
  - consider the report by the Controller of Audit and the Auditor General on the audit of Orkney Community Planning Partnership; and
  - decide how it wishes to proceed.

**Paul Reilly**  
**Secretary to the Commission**  
**1 October 2014**

# Orkney Community Planning Partnership



Prepared for the Auditor General for Scotland and the Controller of Audit  
October 2014

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

---

# Contents

<b>Commission findings</b> .....	<b>5</b>
<b>Key messages</b> .....	<b>6</b>
<b>Background</b> .....	<b>8</b>
Orkney .....	8
About the audit .....	13
<b>What is the CPP aiming to do?</b> .....	<b>15</b>
Key messages.....	15
The Steering Group has identified three strategic priorities, but has not yet agreed how or when these will be taken forward.....	15
The Steering Group has made only limited progress in driving a coordinated response to Orkney's significant local challenges and progress has been hampered by tensions between the two largest partners.....	16
<b>How is the CPP run?</b> .....	<b>18</b>
Key messages.....	18
The CPP's structure is overly complex and limits partners' ability to participate fully and to contribute effectively.....	18
The Steering Group does not provide effective leadership and needs to scrutinise performance more effectively .....	20
The CPP needs to get better at implementing change.....	20
Clearer priorities would help the CPP to streamline its structure and membership .....	21
<b>How does the CPP use its resources?</b> .....	<b>23</b>
Key messages.....	23
Community planning partners spend around £137 million each year, but are at the early stages of understanding how this money could be best directed towards achieving SOA priorities .....	23
There are examples of good operational partnership working in Orkney .....	25
The CPP has involved and supported Orkney's extensive and active network of community and voluntary groups in developing and delivering services .....	26
The Empowering Communities initiative has the potential to make a significant contribution towards sustaining Orkney's communities.....	28
<b>How is Orkney performing?</b> .....	<b>30</b>
Key messages.....	30
The CPP's performance indicators are not always appropriate for measuring progress ..	30
Orkney's economic indicators generally show a positive trend .....	32

---

The CPP faces significant challenges in sustaining its communities.....	34
Orkney residents have a long life expectancy, which has implications for demand on services.....	36
The CPP needs to improve its public performance reporting .....	38
<b>Improvement agenda.....</b>	<b>39</b>
<b>Appendix .....</b>	<b>40</b>
Audit methodology.....	40

# Commission findings

# Key messages

- Orkney Community Planning Partnership's (CPP) Steering Group is not providing effective shared leadership for community planning in Orkney. The Steering Group has identified three priority areas of focus: positive ageing; a vibrant economic environment; and sustainable communities. But it still needs to agree how and when these will be taken forward. The Steering Group has made only limited progress in driving important strategic issues such as joint resourcing and prevention.
- Progress in agreeing priorities and improvements and in clarifying how partners will work together to address them, has been hampered by tensions between the Council and the NHS. This means that the CPP is not capitalising on its potential value to coordinate and drive partnership working to improve outcomes for local people.
- Orkney's residents generally live in safe communities and enjoy a good quality of life. Orkney does face some significant challenges, including sustaining its fragile communities, ongoing pressures on public finances, an ageing population, alcohol misuse, and obesity levels among children. The CPP needs to set out clearly how it plans to address these issues and deliver its vision. All partners need to take greater collective ownership of developing the CPP's priorities and shaping the Steering Group's agenda. The Steering Group needs urgently to: agree and communicate the CPP's priorities to all partners and staff; clarify the specific outcomes it wants to achieve; and assign the resources needed to achieve these.
- There is strong commitment and enthusiasm for partnership working at an operational level in Orkney, resulting in many successful, small-scale partnership projects. Projects such as the European Maritime Energy Centre, the Employability Engagement Worker and the Youth Cafe are positive examples of good partnership working that are delivering benefits for the community. There are opportunities for the CPP to build on this work and increase its overall effectiveness.
- The CPP has traditionally operated through a bottom-up approach, designed to create ownership and to reflect local needs and circumstances. But the CPP is not using Orkney's scale and agility to best effect. It has established a large number of thematic groups, creating an overly complex structure that makes it difficult for partners to contribute effectively. The CPP should review this approach to ensure its structure is proportionate to both Orkney's population and the scale and capacity of partner organisations.
- Community planning partners collectively spend around £137 million each year on services for Orkney's population of 21,400 people. The CPP is at the early stages of understanding how this money could be best directed towards achieving the SOA priorities.
- The CPP has a strong track record of involving and supporting Orkney's extensive and active voluntary sector. The Empowering Communities project has the potential to make



a significant contribution towards sustaining Orkney's outer islands. The CPP should build on the experience to deliver wider improvements.

- The CPP needs to get better at implementing change. It has undertaken several self-assessment and review exercises but has not used the results effectively to drive improvement. This is compounded by weak performance management arrangements and a lack of clear accountability for how partners contribute to achieving outcomes. The Steering Group should agree clear performance measures and scrutinise performance more effectively in order to better manage the CPP's performance and impact.
- The CPP's recent performance has been mixed - it achieved just over half of its targets in 2012/13. Orkney's economic indicators show good signs of progress. However, indicators relating to social sustainability and older people highlight the challenges faced by the CPP.

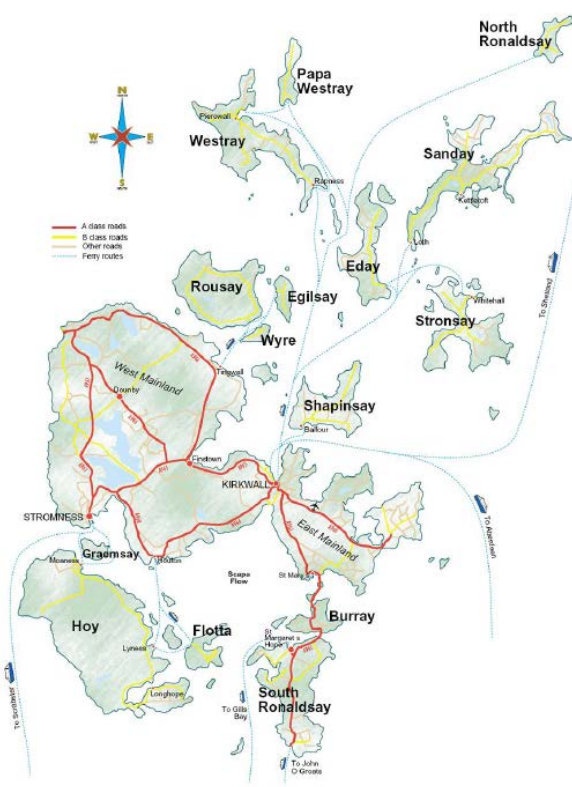
# Background

## Orkney

1. Orkney comprises around 70 islands in the north of Scotland, of which 19 are inhabited ([Exhibit 1](#)). Orkney accounts for only 0.4 per cent of Scotland's population and has the smallest population of any council area in Scotland (approximately 21,400 people). Around 80 per cent of the population live on the Orkney mainland, particularly in the two biggest towns of Kirkwall and Stromness.

### Exhibit 1

#### Map of Orkney



Source: Orkney CPP (SOA)

2. Between 2001 and 2011, Orkney's population increased by 10.9 per cent, more than double the growth across Scotland as a whole (4.6 per cent). But while there was a substantial increase on the Orkney mainland (12 per cent) there was also a continuing reduction in the proportion of the population living on the outer islands ([Exhibit 2](#))<sup>1</sup>. The CPP wants to maintain and increase a sense of community, to help build stronger communities over the longer term throughout Orkney's islands. It has identified the decline in the proportion of the population

<sup>1</sup> Scotland's Census 2011.

living on the outer islands as a priority and plans to analyse the reasons for inward and outward migration.

## Exhibit 2

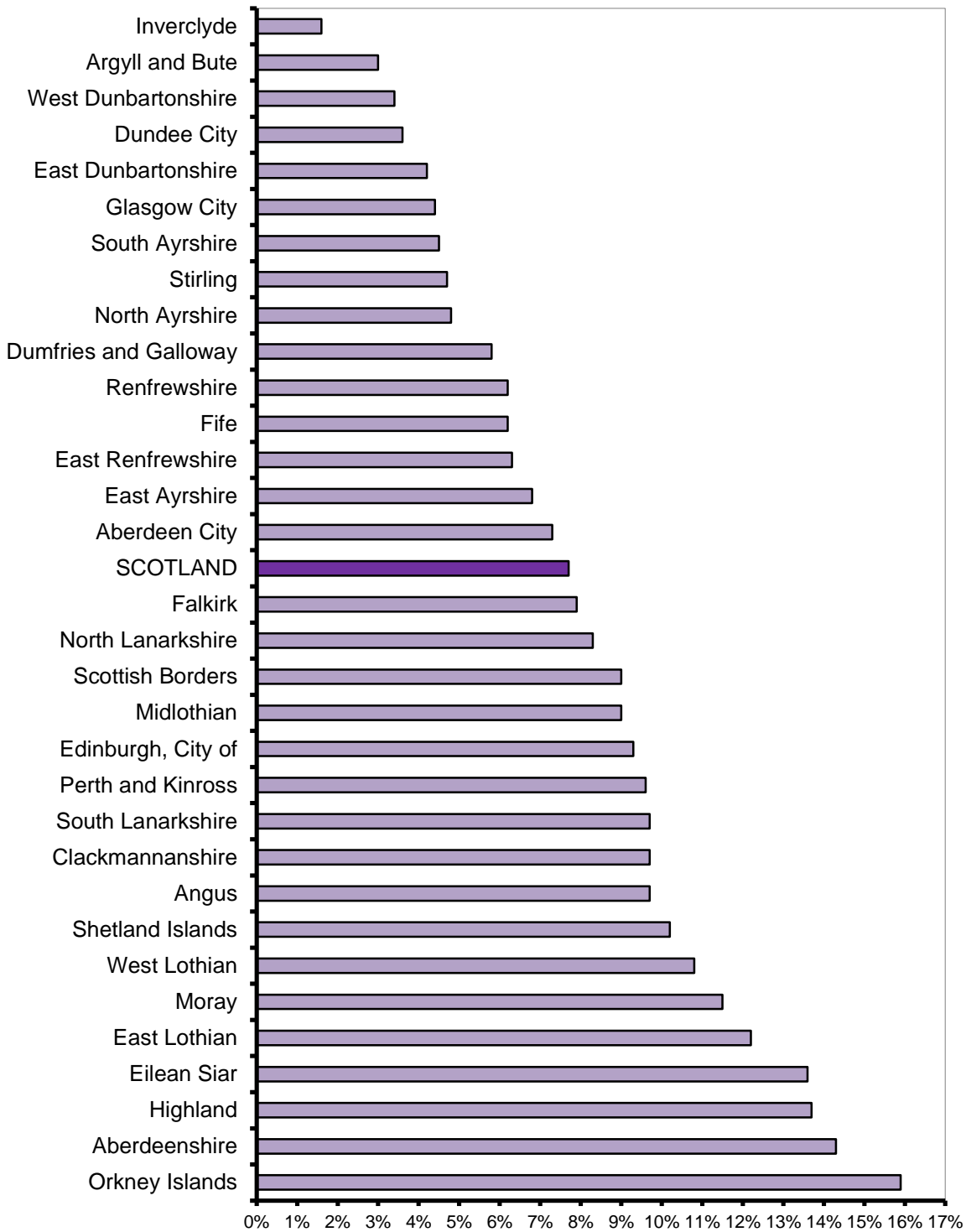
	1981	1991	2001	2011
Total population of the outer islands	4,418	4,486	3,931	4,187
Population of the outer islands as a percentage of Orkney's population	24.0%	22.9%	20.4%	19.6%

Source: National Records of Scotland

- More than a fifth of Orkney's population are aged 65 or over (21 per cent), a higher proportion than across Scotland (18 per cent). Over the past decade, the number of older people increased by almost a third (31 per cent), three times the average rate in Scotland. It is projected to continue to grow by 60 per cent between 2012 and 2037, well above the national rate. The proportion of young people in Orkney (17 per cent) is similar to the Scottish average, but has decreased by seven per cent over the past decade. It is projected to decrease by a further three per cent by 2037.
- Orkney has not only experienced significant population growth over the last decade, but has also seen the largest proportional growth in the number of households in Scotland ([Exhibit 3](#)). The number of households in Orkney is projected to continue to grow at a rate similar to the national average: 17 per cent between 2012 and 2037. Over this period, the proportion of households comprising of over 75 year olds is projected to almost double, from 14 per cent in 2012 to 26 per cent in 2037. In contrast, the proportion comprising of 16-44 year olds is projected to fall from 31 to 28 per cent.

**Exhibit 3**

**Percentage change in the number of households, by council area in Scotland, 2003 to 2013**



Source: General Register Office for Scotland, 2014

5. Population changes and household growth over the past decade will inevitably have impacted on the demand and delivery of services that public bodies provide in Orkney. Projected future growth in households and older people will provide a major challenge in planning future services and maintaining communities.
6. Orkney compares well with Scotland for some important indicators ([Exhibit 4](#)). Data from the Scottish Indices of Multiple Deprivation (SIMD) shows that geographic access to essential services is a major challenge across Orkney. The CPP's 2013-1016 Single Outcome Agreement (SOA) also highlights that Orkney's remote and rural communities face difficulties with under-employment, low wages, a high cost of living, limited affordable housing and high fuel costs relative to income. Supporting the survival of Orkney's more remote outer isles has always been of critical importance to the CPP.
7. Orkney has a rich and vibrant cultural heritage. It is home to several festivals, museums and art galleries. Thirty-six sites are designated as Sites of Special Scientific Interest and UNESCO has designated a series of Neolithic sites as sites of cultural importance. The CPP cites safeguarding this heritage as a key value that guides its work.
8. The public sector plays a significant role in Orkney's economy, employing about 42 per cent of the local workforce, more than 11 per cent higher than Scotland's average. The economy has also relied heavily on agriculture, fishing and tourism linked to its arts and heritage. More recently new economic sectors have emerged, most notably renewable energy. In particular, there has been significant development of the marine energy sector, evolving around the wave and tidal testing facilities offered by the European Marine Energy Centre (EMEC). Orkney also has an important social economy, demonstrated by a wide range of voluntary and not-for-profit organisations, co-operatives, social enterprises and community interest companies providing important local functions and services. Linked to this, the voluntary sector plays a significant role in the work of the CPP.
9. Orkney Islands Council, with the other two island councils of Shetland and Eilean Siar, launched the *Our Islands Our Future* campaign in June 2013. This set out their aim for the constitutional arrangements for Scotland to take the three island groups' needs fully into account, irrespective of the outcome of the independence referendum. *Our Islands Our Future* seeks additional powers and resources, for example control of the seabed around the islands and the revenues associated with it. In submissions to the Christie Commission<sup>2</sup> on the future delivery of public services, all three island councils also proposed options for future public service provision, including the idea of a single public authority for each island group, where one body would be responsible for the delivery of all public services. The Scottish Government has set out proposals to give more powers to Scotland's island communities. It noted that this would be subject to formal consultation arrangements and, where new laws are needed, the scrutiny and will of the Scottish Parliament.<sup>3</sup> Orkney Islands Council remains fully committed

---

<sup>2</sup> [Commission on the Future Delivery of Public Services](#), June 2011.

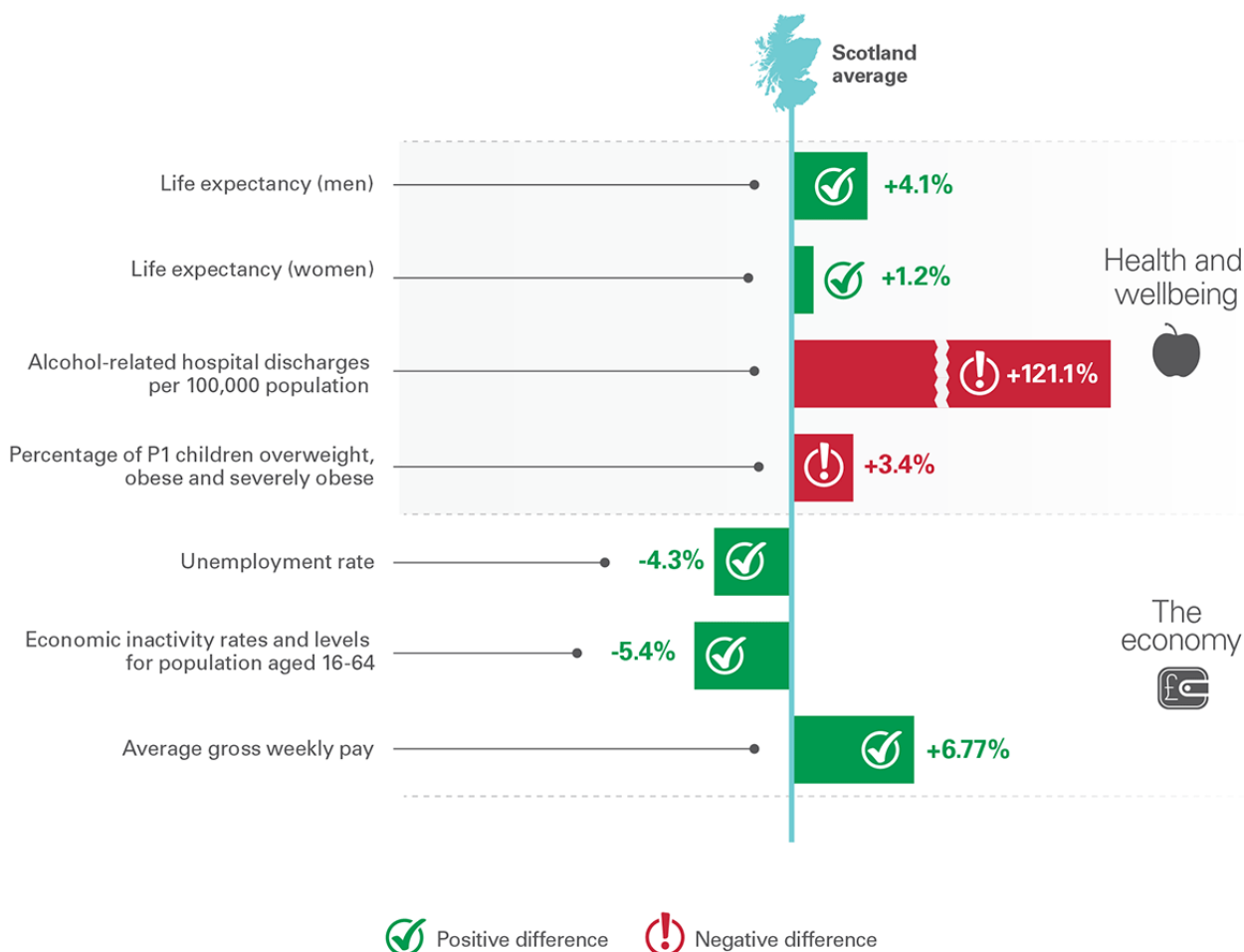
<sup>3</sup> [Empowering Scotland's Island Communities](#), June 2014.

to a single public authority as the future model for providing public services. This would have significant implications for community planning.

### Exhibit 4

#### Strengths and challenges in Orkney

Comparison of selected indicators against the Scottish average showing what makes Orkney a good place to live as well as highlighting some of the problems it faces.



Source: Audit Scotland analysis of national data

#### Community Planning Partnerships (CPPs)

10. Community Planning Partnerships (CPPs) exist in all 32 local authority areas in Scotland to coordinate and improve how local bodies plan and provide public services. They aim to improve outcomes, such as raising life expectancy and reducing crime, for people living within their areas, and to reduce inequalities. They bring together:

- the public sector, including councils, health boards, police and fire services, housing associations and colleges
- the third sector, for example charities and voluntary groups
- the private sector, such as local businesses.

11. The Orkney CPP was established in 2000. Following the Christie Commission report in 2011, the Scottish Government reviewed community planning. In March 2012, the Scottish Government and COSLA set out their expectations for community planning to become the main focus for improving public services at local level.<sup>4</sup>
12. Several current changes in how public services are provided affect community planning partnerships. These include:
  - welfare reform
  - Scotland's new national police and fire services
  - the integration of health and adult social care services, such as helping people with disabilities live independently at home
  - the reform of colleges
  - the introduction of the Children and Young People (Scotland) Act 2014<sup>5</sup>
  - the Community Empowerment (Scotland) Bill
  - the Scottish Government's announcement that it is abolishing community justice authorities.

All of this is taking place within the context of falling public sector budgets.

## About the audit

13. In 2012, the Scottish Government asked the Accounts Commission to lead audits of individual CPPs to assess their performance. During 2012/13, Audit Scotland reviewed three CPPs. Our audit of the Orkney CPP is one of five that we are conducting during 2013/14. During our audit, the CPP Steering Group had considered its response to the feedback it received from the Scottish Government on its 2013-16 SOA and begun to develop its revised SOA for 2014-17.
14. This is a joint report prepared by the Controller of Audit and the Auditor General for Scotland under Section 102(1)(c) of the Local Government (Scotland) Act 1973 (as amended) and Section 23 of the Public Finance and Accountability (Scotland) Act 2000, respectively.
15. The objectives of the audit were to assess the following:
  - To what extent has Orkney CPP set a clear strategic direction, agreed by all partners, that reflects Orkney's needs?
  - Are Orkney CPP's governance and accountability arrangements appropriate and do they allow it to improve outcomes for local people?

---

<sup>4</sup> [Statement of Ambition for Community Planning](#), Scottish Government and COSLA, March 2012.

<sup>5</sup> [The Children's and Young People \(Scotland\) Act](#) covers a wide range of children's services policy, including: children's rights; Getting It Right For Every Child programme; early learning and childcare; and looked-after children. The bill received Royal Assent in March 2014.

- To what extent does Orkney CPP encourage collaborative behaviour among staff and use its resources, including money, staff and property, to deliver joint priorities and outcomes?
  - How well is Orkney CPP delivering the outcomes contained in its Single Outcome Agreement (SOA) and is it reporting these clearly and accurately to the public?
16. Appendix 1 outlines our approach to the audit in more detail. As part of the audit, we also considered performance and outcomes against two themes particularly relevant to Orkney:
- rural sustainability, with particular focus on economic development; and
  - the health and wellbeing of its population, with a particular focus on Orkney's ageing population and alcohol use.



# What is the CPP aiming to do?

## Key messages

The CPP Steering Group has identified three strategic priorities: a vibrant economic environment; positive ageing; and social sustainability, but has not yet agreed how or when these will be taken forward. The Steering Group has made only limited progress in driving important strategic issues such as prevention and joint resourcing. It is unclear how the CPP plans to address significant local challenges, such as sustaining its fragile communities, pressures on public finances, an ageing population, alcohol misuse, and obesity levels among children. Progress in agreeing and taking forward priorities and improvements has been hampered by tensions between the Council and the NHS.

The CPP is not capitalising on its potential value to coordinate and deliver improvements for local people. All partners need to take collective ownership of developing the CPP's priorities and shaping the Steering Group's agenda. The CPP needs urgently to agree and communicate its priorities to all partners and staff, clarify the specific outcomes it wants to achieve and assign resources to achieve these.

## The Steering Group has identified three strategic priorities, but has not yet agreed how or when these will be taken forward

17. Orkney's CPP has an aspirational long-term view for the islands adopted from the Orkney Local Development Plan.<sup>6</sup> The Long View covers the period to 2030, and sets aims to:
- make Orkney a first choice location for people to live and work
  - have nationally significant training and investment opportunities
  - attract visitors from around the world to learn about and admire Orkney's heritage and cutting edge business and industrial facilities.

Above all, the vision aims to make Orkney a place where people can enjoy an exceptional quality of life, a fulfilling career and a sustainable lifestyle.

18. Orkney's SOA 2013-16, which was agreed in June 2013, sets out 16 outcomes, broadly aligned to the Scottish Government's national outcomes, and 93 indicators and sub-indicators. The Scottish Government's feedback on the SOA in July 2013 recommended that the CPP should have a clear focus on taking forward those local outcomes that are priority issues, notably the major challenges identified in the *Long View*. It also suggested that the CPP better consider the impact it can have; thinking about the value the CPP can and should add at a strategic level in driving and supporting its priorities.

---

<sup>6</sup> Orkney Local Development Plan (2014), Orkney Islands Council

19. In response to its SOA feedback, the CPP's Steering Group - responsible for setting and maintaining the strategic direction for the CPP - held workshops to review its priorities in October 2013 and February 2014. The Steering Group identified three strategic priorities: a vibrant economic environment; positive ageing; and social sustainability.
20. The Steering Group has still to agree how to take its priorities forward. The 2014-17 SOA lists the three priorities but the CPP has not yet articulated what they will mean in practice - there are no specific objectives, outcomes and measures for the priorities. In September 2014 the CPP held a workshop to discuss these in more detail and to establish what they will mean for partners' activities and resources, and for Orkney's communities. Given this is the third workshop at which the priorities have been considered, it is important that the CPP now translates its thinking into a plan of action, with clear timescales for implementation. All partners need to take ownership of the CPP's priorities and consider how their individual contributions will collectively address priority areas.

### **The Steering Group has made only limited progress in driving a coordinated response to Orkney's significant local challenges and progress has been hampered by tensions between the two largest partners**

21. Orkney's residents generally live in safe communities and enjoy a good quality of life. But Orkney does face some significant challenges, including sustaining its fragile communities, pressures on public finances, an ageing population, alcohol misuse, and obesity levels among children. We found that these and other significant developments and challenges, such as joint resourcing and prevention, have not been given sufficient focus by the Steering Group. There is scope for all partners to better contribute to shaping the Steering Group's agenda, to ensure important issues and developments for Orkney are being considered and influenced by the CPP.
22. Whilst there are examples of effective partnership working at an operational level, there are significant strategic tensions between the CPP's two largest partners - the council and the NHS. These tensions are having a negative impact on shared strategic leadership. They have contributed to the slow progress in agreeing the CPP's priorities and in agreeing responses to other important developments, such as health and social care integration.
23. The council and NHS Orkney have found it difficult to agree a way forward for integrating health and social care services. During our audit, both the council and the NHS favoured a lead agency model but were unable to agree who should lead it. The council has agreed that its preferred option is to adopt the body corporate model but NHS Orkney continues to favour a lead agency model. Orkney has therefore still not yet reached agreement on its preferred model for health and social care integration, unlike most other areas in Scotland.
24. Individual partners also have differing views on priority issues, in particular the different importance and emphasis they place on alcohol-related issues. Whilst the adverse effects of alcohol are identified in the current and previous SOAs, most partners think alcohol misuse

has not been given sufficient emphasis. It has not featured prominently on the Steering Group's agenda and it is unclear where it fits under the three proposed priorities. All partners need to work together to resolve these issues if the CPP is to make a difference.

25. In line with the Scottish Government's public service reforms, Orkney's SOA places great importance on prevention. Community planning partners carry out various prevention activities, some of which are overseen by thematic groups, as [Case study 1](#) shows. The Steering Group held a workshop in April 2014 to look at how it might take forward this challenging policy area but made limited progress. It held a further workshop in September 2014 but had not specified the resulting actions at the time of this report.

---

## Case study 1

### Partner groups focusing on prevention

The Alcohol and Drugs Partnership (ADP) and Community Safety Partnership (CSP) oversee several projects that focus on prevention, including the following:

- Driving Ambition is an education programme for all high school pupils with the aim of promoting a culture of safe driving and preventing accidents.
- Orkney Youth Cafe is a drop-in cafe providing a safe place where young people can socialise away from alcohol. The cafe attracts around 250 visits a month from young people, and provides a range of advice and support. The number of alcohol and drug-related incidents has reduced since it opened, suggesting that this is having a positive impact.
- Through the CSP, the Scottish Fire and Rescue Service (SFRS) encourages partner agencies to identify and share information about people most at risk from domestic fires. It has developed a risk assessment checklist for partners to use, which allows the SFRS to target its fire prevention more effectively.

*Source: Audit Scotland with information supplied by Orkney CPP*

---

## Recommendations

The CPP Steering Group urgently needs to: agree and communicate its priorities to partners and staff; clarify the specific outcomes it wants to achieve; and assign the resources needed to achieve these.

The Steering Group needs to set a clearer strategy for dealing with issues such as joint resourcing and prevention, and to respond to local issues, such as the ageing population, alcohol misuse and obesity among children.

All partners need to take collective ownership of developing the CPP's priorities and shaping the Steering Group's agenda.

# How is the CPP run?

## Key messages

Orkney's small scale should allow the CPP to bring together and deploy its resources quickly and effectively. However, the CPP's structure is overly complex relative to its scale. The large number of thematic groups impacts on the capacity and commitment of partners to contribute effectively. The CPP should review its approach, to ensure its structure is proportionate to both Orkney's population and the scale and capacity of partner organisations.

The Steering Group does not provide the necessary direction and support that its thematic groups are looking for, and plays a very limited role in reviewing and challenging performance. The CPP needs to get better at implementing change. It recognises some of the areas where it can change to add more value, but it needs to do more than talk about necessary improvements; it needs to implement them.

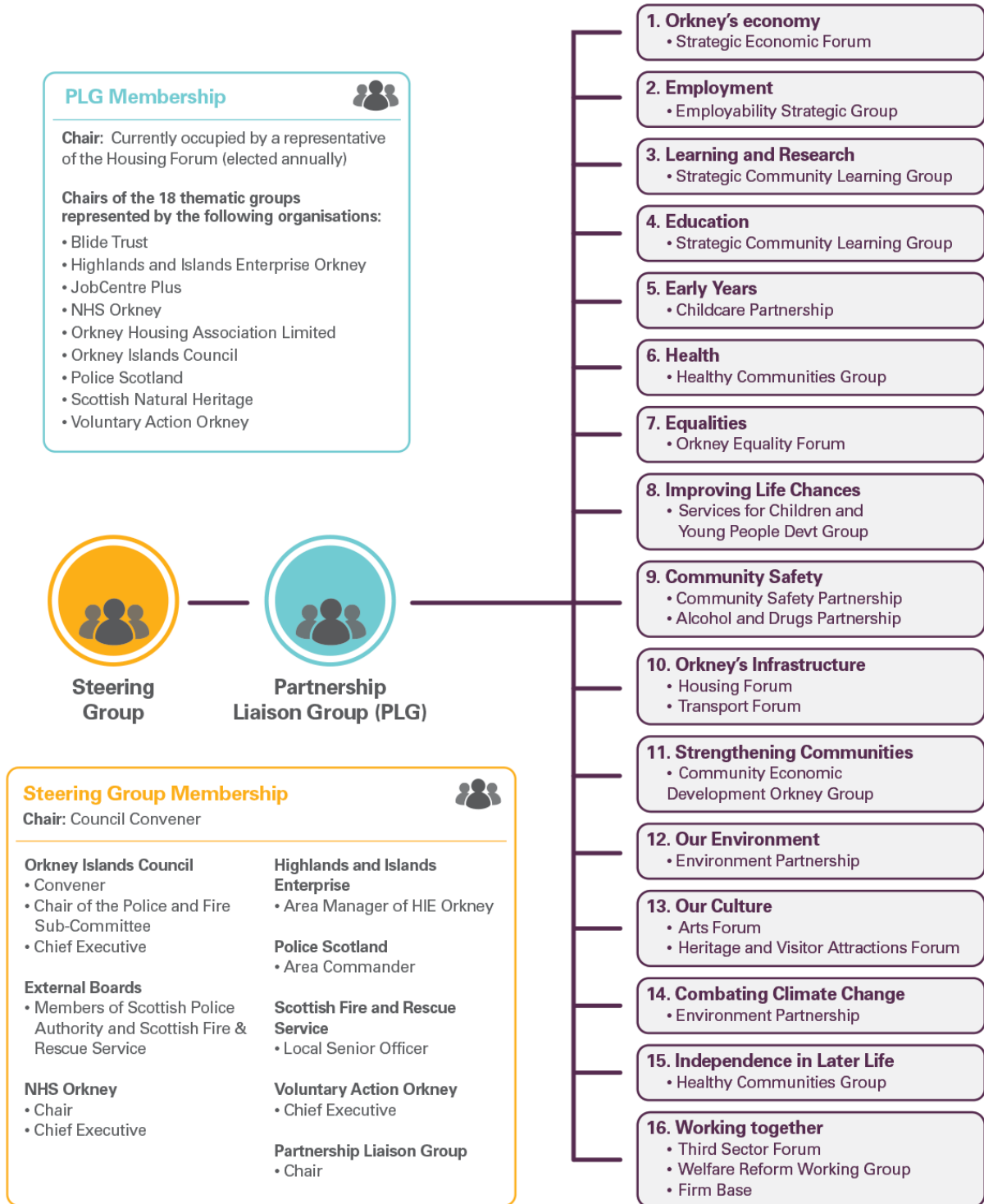
## The CPP's structure is overly complex and limits partners' ability to participate fully and to contribute effectively

26. Orkney CPP consists of the Steering Group, the Partnership Liaison Group (PLG) and 18 thematic groups responsible for leading and delivering CPP activities. Some thematic groups have sub-groups. [Exhibit 5](#) shows the structure. The Steering Group sets the partnership's strategy and its work priorities. It is chaired by the Council Convener. The PLG's role is to provide coordinated advice and support to the Steering Group and is the link between the Steering Group and the thematic groups.
27. The CPP structure, particularly its 18 thematic groups and supporting sub-groups, is organised around the CPP's 16 current priorities, which broadly align with the Scottish Government's national outcomes. The structure is also designed around a principle of inclusiveness, enabling many public agencies, voluntary bodies, smaller organisations and individuals to participate in community planning. Orkney CPP has to deal with the same range of issues as any other CPP, but the structure it has adopted is overly complex relative to its population and the scale of partner organisations.
28. Partners highlighted the valuable opportunity that the CPP provides for networking, sharing information and building relationships. However, most feel there are too many thematic groups and that this limits their ability to participate fully and to contribute effectively. For example, the Strategic Economic Forum should meet at least three times a year, but met only three times between July 2012 and June 2014. Even when the group did meet, some partners could not attend. The burden the current structure can place on partners is also reflected in the number of groups in which the same individuals participate. One individual attends ten CPP groups and 19 individuals attend four or more groups. These often focus on similar or related issues. For example, four thematic groups are responsible for taking forward economic development and employment. Many partners feel the CPP structure can be streamlined.

**Exhibit 5**

**Orkney's CPP structure**

Orkney CPP has a large number of thematic groups aligned to the national outcomes



Source: Orkney Community Plan and SOA 2013-16 and Orkney CPP's Partnership Guide

Note: Some thematic groups are also supported by sub-groups not shown here.

Orkney Islands Council's Vice Convener, Executive Director of Corporate Services, Strategy Manager and Community Planning Officer also attend the CPP Steering Group. Members of the SFRS board have chosen not to participate in the Steering Group as they perceive it to create a potential conflict of interest.

---

### **The Steering Group does not provide effective leadership and needs to scrutinise performance more effectively**

29. Community planning in Orkney is primarily a bottom-up activity, designed to create ownership and to reflect local needs and circumstances. Thematic groups are expected to set their own agendas, deliver outcomes and monitor their own performance. Thematic group members have expressed concerns over the lack of leadership from the Steering Group. These individuals are committed and enthusiastic about delivering improved outcomes for the people of Orkney. But they want stronger strategic leadership, direction and challenge to ensure that they can focus their resources and energy in a way that adds value to what would happen anyway. The Steering Group recognises that it needs to strengthen its strategic leadership. It needs to be clear about how it will do this and begin to make this change quickly if community planning is to have a more positive impact.
30. The Steering Group needs to scrutinise performance more effectively. It receives the SOA annual report and ad-hoc updates from thematic groups. We found little evidence that the Steering Group effectively scrutinises CPP performance. Members of thematic groups are unclear about whether the Steering Group considers their performance updates, and seldom receive feedback. The absence of regular reporting and effective scrutiny is not only poor governance and performance management; it also creates a risk that useful lessons are lost.
31. During 2012 the Steering Group introduced a process where it would receive six-monthly update reports as well as regular verbal updates from thematic groups. However, theme groups have not reported regularly to the Steering Group as planned, with no reporting in 2013 and only limited reporting in 2014. Also, since the end of 2012, only the chair of the Community Safety thematic group has provided a verbal update on this group's developments. The CPP has taken some steps to improve how it manages performance. In December 2013, the council adopted a new corporate performance management system ('Aspireview'). This new system includes SOA performance information and all partners have access to it. The CPP needs to regularly consider progress reports that meaningfully assess both performance against thematic group plans and strategies, and SOA performance targets.
32. The Steering Group could make better use of the PLG to coordinate and assess thematic group performance. Where performance issues need to be brought to the Steering Group's attention, the PLG can coordinate this across all groups. This would give the PLG a clearer role in line with its established remit.

### **The CPP needs to get better at implementing change**

33. A CPP review in 2009 identified several areas for improvement. Some of the issues it identified almost five years ago were still evident during our audit. For example some thematic

groups, such as the Strategic Economic Forum, continue to lack clarity of purpose. In contrast, some thematic groups work well and have a clear sense of what they are trying to achieve. Examples include the Alcohol and Drugs Partnership and the Employability Strategic Group. The CPP needs to review what factors make these groups effective and consider how to apply these to the other groups.

34. The PLG also carried out several self-evaluation exercises during 2012 and 2013. These covered leadership and direction; performance; policy development; and impact on the wider community. In May 2013, the Equality Forum also reviewed the CPP's approach to inclusion, equality and fairness. The relatively positive results of these reviews, compared to our audit findings, suggest that the reviews did not effectively identify all potential weaknesses and opportunities for improvement. The self-evaluation exercises were completed with only limited information and evidence to support the conclusions and resulted in only limited improvement actions or plans. The CPP needs to conduct more thorough reviews, and act on the findings.
35. Through externally facilitated self-evaluation workshops in October 2013 and February 2014, the CPP identified that the Steering Group's leadership needed to improve, as did communication between the Steering Group, the PLG and the thematic groups. These workshops, and a further one in September 2014, have been positive and popular, and have created momentum for change. However, the Steering Group has not yet developed clear action plans from this self-evaluation activity.
36. We found little evidence that the CPP was looking at other CPPs to understand what is working well in other areas. While Orkney faces some very specific challenges, there is scope for the CPP to make better use of experience and practice elsewhere.

## Clearer priorities would help the CPP to streamline its structure and membership

37. If the CPP were able to agree and clarify its strategic priorities, this would provide a good framework for it to review the membership, purpose and resourcing of all of its groups. This should include aligning the required input of each group to the relevant SOA objectives, targets and resources. Several partners not currently represented on either the Steering Group or the PLG could potentially make a valuable contribution to the three proposed priorities. For example, Skills Development Scotland, Jobcentre Plus, VisitScotland and Scottish Natural Heritage are represented on thematic groups only. But they will have a significant interest and role in a vibrant economic environment and in sustainable communities. In line with the Statement of Ambition, the CPP should also consider including representatives from the private sector in the CPP structure.
38. As part of any review, the CPP should examine whether partners provide appropriate, collective support for community planning. Whilst the council has a statutory responsibility to facilitate community planning, it also provides the administrative support for around three quarters of all CPP meetings. Given the small scale at which all partners operate within Orkney compared with most other CPP areas, and the relative importance of the voluntary

sector within the Orkney CPP, this balance of support should be reviewed, to ensure it is as equitable and proportionate between partners as possible.

---

### **Recommendations**

The CPP should review and amend its structure, to provide an effective framework for all partners to contribute to delivery of the CPP priorities, in proportion to their respective capacities.

The Steering Group should provide stronger strategic leadership, direction and support to thematic groups. It should hold them to account for delivering their objectives by scrutinising performance more effectively. The CPP should also use performance reviews to identify lessons and share learning.

The CPP should make better use of its self-evaluation activity and workshops by developing improvement plans that allocate responsibility and timescales for implementing improvements.



# How does the CPP use its resources?

## Key messages

Community planning partners collectively spend around £137 million each year on services for Orkney's population of 21,400 people. The CPP is at the early stages of understanding how this money could be best directed towards achieving SOA priorities. The CPP needs to build on the strong commitment and enthusiasm for partnership working at an operational level, and on the many successful, small-scale partnership projects that exist. The CPP has a strong track record in involving and supporting voluntary and community bodies in the design and delivery of services. The CPP needs to build on the experience of the Empowering Communities initiative, to deliver wider improvements.

## Community planning partners spend around £137 million each year, but are at the early stages of understanding how this money could be best directed towards achieving SOA priorities

39. CPPs are expected to allocate the necessary resources to achieve agreed outcomes. In September 2013, the Scottish Government and the Convention of Scottish Local Authorities (COSLA) set out a vision that CPPs and their SOAs should become "the focal point for the planning and deployment of resources locally". This is not straightforward, as CPPs do not have any formal powers to control individual partners' budgets. Instead, they must rely on the willingness of partners to support and fund the delivery of the partnership's priorities.
40. Community planning partners contribute significantly to Orkney's local economy, spending around £137 million each year (see [Exhibit 6](#)). They are also vital local employers, employing around 4,000 people (42 per cent of the local workforce). Additional money may also be available to support the CPP's priorities, beyond the annual budgets of key partners identified in the CPP's 2013-2016 SOA. For example, the council's Strategic Reserve Fund, which has previously provided over £500k for community projects through the Community Development Fund<sup>7</sup>.
41. There are examples of joint funding and resourcing in Orkney. The most significant development was the creation of Orkney Health and Care (OHAC) in 2010. OHAC is a joint initiative, funded by the council and the NHS. Its aims are to improve social care, health and wellbeing, reduce inequalities and provide high quality care for people in Orkney. Partners have also jointly funded an employability and engagement worker ([case study 2](#)). The council

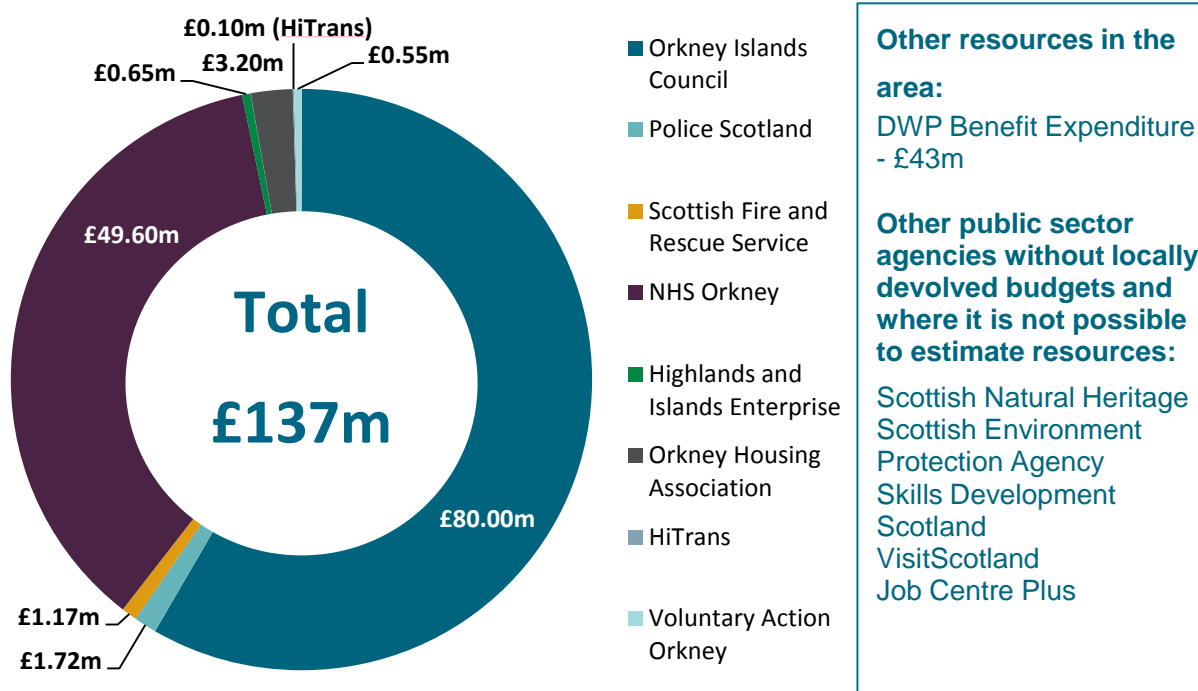
<sup>7</sup> Orkney's Strategic Reserve Fund (also referred to as the 'Oil Fund') comprises revenue previously received from the Flotta oil terminal and in March 2013 was valued at around £198 million. The council owns and manages the fund, which is intended to support projects that provide benefits to the Orkney community as a whole, as well as managing the local impact of declining oil-related revenues on the local economy.

and Highlands and Islands Enterprise (HIE) also have a co-located business advisory service at the Business Gateway, and the council has agreed to contribute £1.5 million of infrastructure works for the new hospital in Kirkwall.

**Exhibit 6**

**Community planning partner net spending in Orkney in 2013/14**

The main community planning partners in Orkney spend around £137 million providing services. This excludes benefits paid through the Department of Work and Pensions (DWP). Other public sector agencies contribute relatively small amounts over and above this.



Source: Audit Scotland with information from Orkney Community Plan and SOA

Note: police and fire expenditure is pro rata based on population

42. But overall progress in jointly funding services and sharing resources has been slow. In May 2013, the Care Inspectorate found there was limited joint financial planning and commissioning of children’s services. It was unable to determine whether partners were using their collective resources efficiently<sup>8</sup>. In July 2013, through its quality assurance of Orkney’s draft SOA, the Scottish Government asked the CPP to agree appropriate timescales for making resource shifts towards local policy and prevention priorities. The CPP held a workshop on joint resourcing in April 2014, but made little progress. It considered joint resourcing again at a workshop in September 2014 but partners need now to determine how they can best align resources to achieve common goals.

<sup>8</sup> [Services for children and young people in Orkney](#), Care Inspectorate, 20 May 2013

43. The CPP does not yet share information as effectively as it could. The CPP's protocol on what information staff can share is currently being reviewed, in line with the requirements on individual partners under the Public Records (Scotland) Act 2011. In March 2014, the Steering Group agreed to set up a data-sharing working group to make progress in this area. Since our audit, the group has met twice and is starting to examine opportunities to better share information across partner organisations.
- 

## Case study 2

### Employment and engagement worker

In 2012, CPP partners agreed to jointly fund an employment and engagement worker to develop a coordinated approach to securing work placements for people in Orkney.

This person works closely with local employers to understand their business needs and to encourage them to offer both paid and unpaid work opportunities. So far, there has been a particular focus on the construction, tourism, food, retail and hospitality sectors.

The role also involves working with those looking for work to break down barriers to employment, such as mental health issues, learning and physical disabilities, criminal convictions and long-term unemployment. JobCentre Plus and Employability Orkney<sup>9</sup> provide professional advice and support to the employment and engagement worker. The CPP's Employability Strategic Group oversees the progress and impact of the work that is being done. Between April 2013 and March 2014, the Employment and Engagement Worker secured work experience, trials and paid employment for 85 clients.

The post was initially funded by a combination of European Union LEADER funding and partner contributions from Orkney Islands Council, JobCentre Plus, Skills Development Scotland and Lifeskills<sup>10</sup>. The council and JobCentre Plus have committed to fund the post until March 2015. Partners recognise the importance of the employment and engagement worker and are currently looking at ways to secure longer term funding for the post.

*Source: Orkney Islands Council and Employability Orkney*

---

## There are examples of good operational partnership working in Orkney

44. Community planning in Orkney has helped to develop better working relationships and a stronger culture of partnership working. In several areas, partners are using their combined resources to good effect at an operational level. These include OHAC, the Alcohol and Drugs Partnership (ADP) and integrated children's services. The Care Inspectorate's children's

---

<sup>9</sup> Employability Orkney is a community-based charitable organisation, established to develop and promote employability among people who face the greatest challenges in accessing the labour market in Orkney.

<sup>10</sup> LEADER (Links Between Activities Developing the Rural Economy) funding is aimed at local projects with a wide community benefit that show an element of originality or experimentation, where possible, and complement other activities within the Local Development Strategy.

services inspection highlighted the positive impact of operational partnership working, and that frontline staff were committed to working together to improve the lives of children<sup>11</sup>.

45. In cases such as OHAC, the ADP and integrated children's services, effective partnership working has happened because of national policy initiatives. In other cases, CPP partners have brought together their resources and expertise on local initiatives that make a valuable contribution to the vision for Orkney, such as the European Marine Energy Centre (EMEC) as shown in [case study 3](#).

---

### Case study 3

#### European Marine Energy Centre (EMEC)

Stromness-based EMEC is the world's leading test centre for marine energy, generating electricity from waves and tidal currents. It attracts world-leading marine technology developers to Orkney and brings significant local economic benefits.

HIE and the council were instrumental in securing EMEC's presence in Orkney and the two agencies are joint owners (along with Carbon Trust) of the EMEC operating company. The two agencies have formed a strategic partnership to help deliver the necessary local infrastructure to support the marine energy industry and provide opportunities for future economic growth. This includes:

- jointly investing in EMEC's assets
- building piers and quays at three strategic locations in Hatston, Lyness and Stromness
- securing enterprise areas next to Hatston and Lyness
- building six industrial units at Hatston for EMEC tidal test clients to use.

HIE and the council are also working closely with the Scottish Government and others to extend the EMEC's capabilities so it can maintain its prominent position within the global marine energy industry. This includes proposals to build new roads and services for the next phase of the Hatston enterprise area. There are also proposals to construct large-scale engineering hub buildings at both Hatston and Lyness and for the development of the Orkney Research Campus in Stromness. The proposed campus will allow EMEC and related ICT activities to expand further and bring additional facilities to attract new research and knowledge-based organisations to Orkney, based largely (but not exclusively) around marine energy.

*Source: Orkney Islands Council and Highlands and Islands Enterprise*

---

## The CPP has involved and supported Orkney's extensive and active network of community and voluntary groups in developing and delivering services

46. The Statement of Ambition for community planning aims to get local people more involved in delivering improved outcomes. The Scottish Government's proposed Community Empowerment and Renewal (Scotland) Bill is intended to strengthen the legal basis for doing

---

<sup>11</sup> [Services for children and young people in Orkney](#), Care Inspectorate, 20 May 2013

this. There are around 600 active voluntary and community organisations in Orkney. These include a network of 20 community councils, 11 community development trusts, and various other community associations and groups. Orkney CPP places a high value on the role of its community and voluntary sectors.

47. The voluntary sector is well represented within the CPP. Voluntary Action Orkney (VAO) is a community planning partner, with its chief executive being a member of the CPP Steering Group, PLG and various thematic groups. A number of other voluntary sector representatives are also involved within the CPP structure. VAO plays an important role in providing a focus for, and representing the views of, a large group of very different community-based organisations in helping to plan and deliver services. The CPP has shown a strong commitment to empowering and supporting the voluntary sector to coordinate and deliver services, for example through its involvement with Orkney Blide Trust as shown in [case study 4](#).

---

## Case study 4

### Orkney Blide Trust

Orkney Blide Trust is a charity supported by CPP partners. Its manager chairs the Orkney Equality Forum thematic group and is a member of the PLG. The Blide Trust supports people with mental health problems, including those whose problems are linked to substance misuse. It does this by providing the following services:

- A daily drop-in centre, with a small cafe, internet access and a range of activities such as arts and crafts, photography and a book club. Members are encouraged to get involved in running the centre and develop confidence and skills, such as administration, catering or gardening.
- A range of social, leisure, cultural, educational and physical activity programmes coordinated by volunteers.
- Housing support to help people remain in their home, including practical help with daily activities such as budgeting, establishing a daily routine, shopping, socialising and getting out and about. There is also a befriending service to help people build their own social network.
- Support for people with a dual diagnosis of substance misuse and mental health problems. Support workers can provide up to seven hours of support a week for ten weeks.

The services the trust provides are funded from the council, NHS Orkney, the Tudor and Robertson Trust, Lloyds TSB Foundation for Scotland and the European Social Fund. Other partners provide support in kind, for example, Orkney College provides creative writing activities. The trust actively works with around 120 individuals. Over the last three years, 14 people moved from being supported by the trust into mainstream employment.

*Source: Orkney Blide Trust*

48. As part of its review of community planning in 2009, partners tried to encourage community council representation in the CPP. This proved unsuccessful, primarily due to community councils focusing on their respective localities and there being no local umbrella body. Despite this, community representatives, other than elected members, are involved in planning and designing services. Examples include the following:

- The council and HIE worked intensively with islands to help produce community development plans. They also funded community development officers to help with community consultations and work with local groups to take forward specific projects featured within these community plans.
  - The Healthy Communities Group has pupil representatives from each of Orkney's two high schools to represent young people's views in its work.
  - Through community development trusts, public sector organisations help local people to develop and manage local facilities, for example wind turbines.
49. Although community councils are not represented in the CPP structure, the CPP places great value on consulting its communities in the planning and design of local services. The CPP has produced a community consultation and engagement guide. It encourages partners to coordinate the way they consult and engage with local communities to avoid any overlap and duplication. Individually, partners regularly ask local people's views and get them involved with their work. But the CPP needs to more effectively coordinate or oversee work in this area.
50. Community council representatives that we spoke to had mixed views on community consultation and engagement. Although they were often consulted on local issues, they seldom received feedback, and some queried whether their input influenced decisions. The CPP did not ask local communities to help develop its 2013-16 SOA, although it plans to engage them when developing and agreeing its proposed priorities. It will be important for the CPP to show how it has taken local views into account.

## The Empowering Communities initiative has the potential to make a significant contribution towards sustaining Orkney's communities

51. The council and HIE are currently piloting the *Empowering Communities* initiative, which aims to get island communities more involved in delivering a range of local services ([case study 5](#)). The initiative currently focuses on a small number of council-provided services and is at a relatively early stage.
52. Developing this initiative further could potentially provide a practical framework for the CPP to further empower communities to provide a broad range of local services. Given the significant contribution this could make to the CPP's proposed priority of 'sustainable communities', it will be important that the CPP builds on the success of the initiative, and uses the experience to identify what other services could be delivered by local communities.

---

### Case study 5

#### Orkney's communities are being empowered to deliver local services

Feedback from public consultation sessions on Orkney Islands Council's budget pressures (*Tough Times Tough Choices*) in 2011 suggested that community councils should play a greater role in administering council services as an alternative to reducing the services being provided. In February 2012, the council approved £64,500 for a trial to devolve responsibility for delivering a range of council services to community councils. HIE also agreed to contribute £48,000 and

two pilot projects have been established in the island communities of Papa Westray and Stronsay.

A feasibility study identified that some services could be delivered more efficiently and effectively if they were delivered locally. Services identified were:

- minor road, harbours and drainage repairs and maintenance
- maintain core paths and interpretation boards
- test electrical appliances and minor repairs
- waste recycling
- management of local facilities.

The *Empowering Communities* initiative started in 2013, with the aims of developing and assessing options to:

- develop ways to use resources more efficiently
- increase employment opportunities in island communities
- increase the skills of the island-based workforce
- increase sustainability and improve access to services by building local capacity to manage and deliver services.

The Council and HIE will prepare annual progress reports over the three-year pilot period, beginning late 2014. If it is successful, the partners hope that other island communities can deliver services in the same way.

Source: Orkney Islands Council

*Note: Tough Times Tough Choices* was the council's engagement exercise to find out which services were most valued by its residents. It included 20 public meetings, a blog, pages on the council's website, letters and emails. A total of 1769 responses were received from members of the public.

---

## Recommendations

The CPP should set out clearly how individual partners will use, share and align their resources to help deliver the CPP's proposed priorities and SOA outcomes.

The CPP should tell local communities how their contributions have influenced the CPP's decisions.

The CPP should maximise the success of the Empowering Communities initiative, to help maintain remote and fragile communities. It should also explore what other services could be devolved for delivery by local communities.

# How is Orkney performing?

## Key messages

The CPP's recent performance has been mixed, achieving just over half of its targets in 2012/13. Orkney's economic indicators show a positive trend, but other indicators relating to social sustainability and older people highlight the challenges faced by the CPP. There is scope for the CPP to make better use of information to demonstrate its impact and to report this more effectively to the public.

## The CPP's performance indicators are not always appropriate for measuring progress

53. CPPs aim to improve the lives of people in their communities. The Statement of Ambition puts CPPs at the centre of local public service reform and expects them to take the lead on improving outcomes and reducing inequalities in their communities. Realising improvement in outcomes in communities can take years, or even decades, for issues such as health or economic development. So measuring change in community outcomes, rather than outputs, is challenging. Outcomes are influenced by many factors, national and local, so there are major difficulties in attributing any changes to specific CPP activities.
54. Assessing the impact of Orkney's CPP is difficult. In some areas it is not clear whether the CPP's activities are having a positive impact as the indicators it monitors do not provide a clear or timely indication of progress. For example:
  - Sustaining the population of the outer isles is a core value of the CPP. Currently it only measures progress using ten year census counts. It is planning on revisiting possible measures to monitor population more effectively.
  - The percentage of children in primary one who are overweight or obese exceeds the Scottish average. But the CPP monitors only the number of programmes targeting children and healthy weight rather than the proportion of children who are overweight.
55. In developing its 2013-16 SOA, the CPP amended the range of indicators it used to assess its impact, on the basis of suitability and availability of relevant data. The CPP's development of three strategic priorities provides a good opportunity to review and agree the most relevant and meaningful outcome indicators to demonstrate progress.
56. Recent performance against SOA indicators has been variable. The SOA performance report for 2013/14 had not been published at the time of our audit. Therefore our assessment of performance is based on the CPP's 2012/13 annual report against its previous SOA for 2011-2014.
57. The annual performance report for 2012/13 showed a mixed picture. The CPP met 48 of its 93 targets and failed to meet 39. For the remaining six, data were either not available or were no



longer being collected. The report shows improved performance over time in eight outcome areas, no change in three and a decline in performance in four outcome areas<sup>12</sup>. (Exhibit 7).

## Exhibit 7

### Performance against Orkney's SOA 2012-13

 Performance improvement
  Performance decline
  No change

	On average, did the majority of measures meet their targets?	On average, what was the performance trend for this outcome?
Orkney's economy	✓	↑
Employment	✗	↑
Research and Training	✓	↑
Education	✓	↔
Early Years	✓	↑
Health	↔	↔
Equalities	✗	↓
Improving life chances	✗	↔
Community safety	✓	↑
Orkney's infrastructure	✗	↑
Strengthening communities	✓	↓
Our environment	✓	↑
Our culture	↔	↑
Combating climate change	✗	↓
Working together	✗	↓

Source: 2012/13 SOA Annual Report, Orkney CPP (January 2014)

58. Although there are some instances where significant variations are highlighted in the narrative section of the report, the SOA performance report does not routinely explain why targets were missed or what remedial action will be taken. Since 2013, the CPP has amended targets in several areas. For example, it revised targets on employment downwards to reflect the

<sup>12</sup> The CPP's 2012/13 SOA Annual Report showed performance against its previous 2011-14 SOA. This contained 15 themes as opposed to the 16 in the 2013-16 SOA

challenging job market. Where previous targets had been achieved, for example, cruise ship passengers, shellfish landings and breeding animals, it has set more ambitious targets.

59. During the audit we focused on two themes particularly relevant to Orkney:
- rural sustainability, with particular focus on economic development; and
  - the health and wellbeing of its population, with a particular focus on Orkney's ageing population and alcohol use.<sup>13</sup>
60. We have assessed the CPP's performance against these themes below. Where appropriate, we have compared Orkney's performance relative to CPPs with similar geography and demography. In addition to the CPP's 2012/13 performance report, we have considered and drawn on data from other sources. These include the Office for National Statistics, National Records of Scotland, General Register Office for Scotland, Scottish Neighbourhood Survey and the Local Government Framework Benchmarking Dashboard.

### Orkney's economic indicators generally show a positive trend

61. Overall, Orkney's economic indicators show positive outcomes. In 2012/13, SOA targets were achieved for:
- the net stock of VAT and/or PAYE based enterprises
  - the number of cruise ship passengers visiting Orkney
  - landings of shellfish
  - production of breeding animals.

The performance trend for these indicators over time has been positive. Private-sector house-building and the total number of tourist days fell short of their 2013/13 targets, but over time the performance trend for both indicators has been positive.

62. Proportionately, the rate of business start-ups in Orkney has been similar to comparable authorities ([Exhibit 8](#)) but has shown more variation over time. Since 2013, the CPP has changed the indicator it uses to reflect the number of business start-ups, to better reflect the direct impact of the CPP.

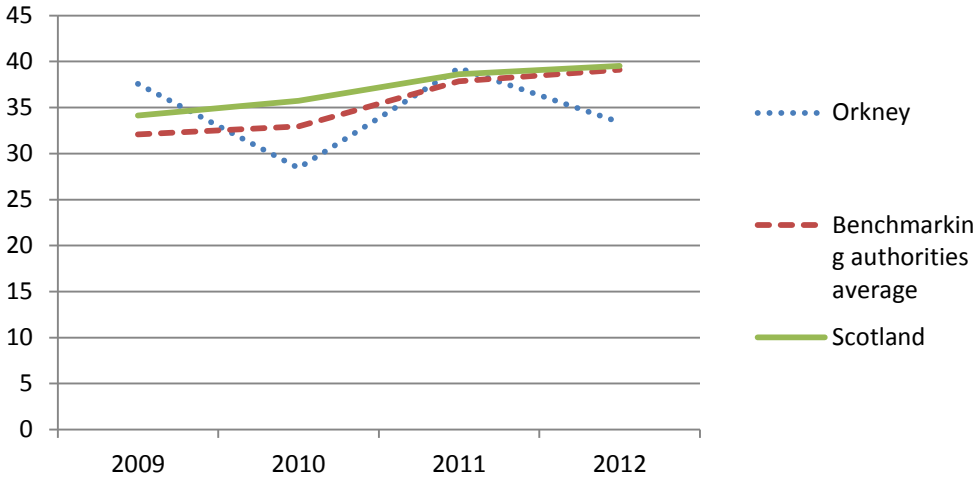
---

<sup>13</sup> Our audit themes were decided before the CPP identified its new proposed priorities.

**Exhibit 8**

**Business start-ups 2009-2012 per 10,000 adults**

New business start-ups in Orkney have fluctuated in recent years when compared with the average across Scotland



Note: Benchmarking authorities are: Aberdeenshire, Argyll and Bute, Dumfries and Galloway, Eilean Siar, Highland, Shetland and Scottish Borders.

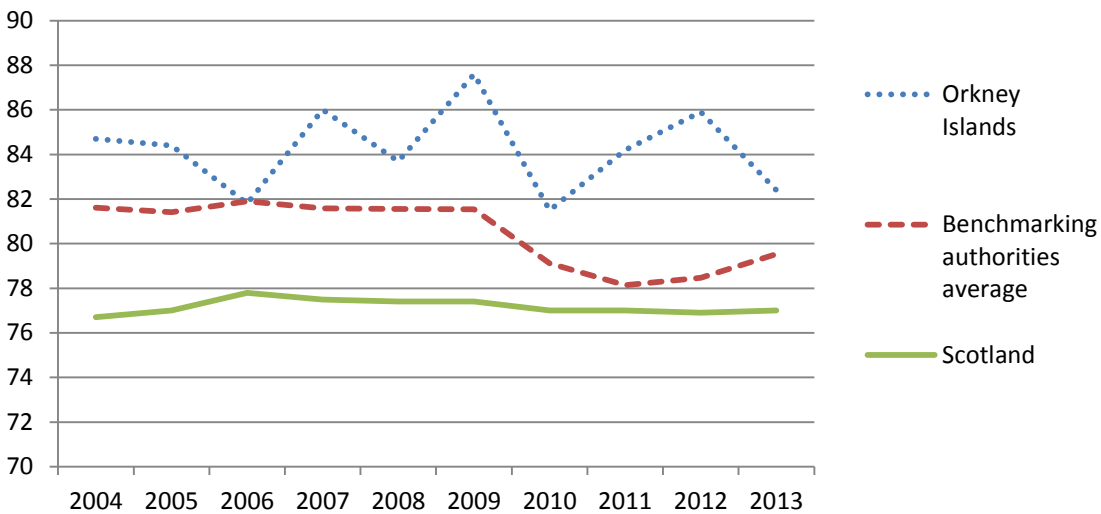
Source: Office for National Statistics and General Register Office for Scotland.

- 63. A higher percentage of adults of working age in Orkney are economically active compared with Scotland overall (Exhibit 9)

**Exhibit 9**

**Percentage of working age adults who are economically active**

The proportion of working age adults in Orkney who are economically active has consistently been above both the Scottish average and the average of the comparator local authorities.



Source: Office for National Statistics annual population survey

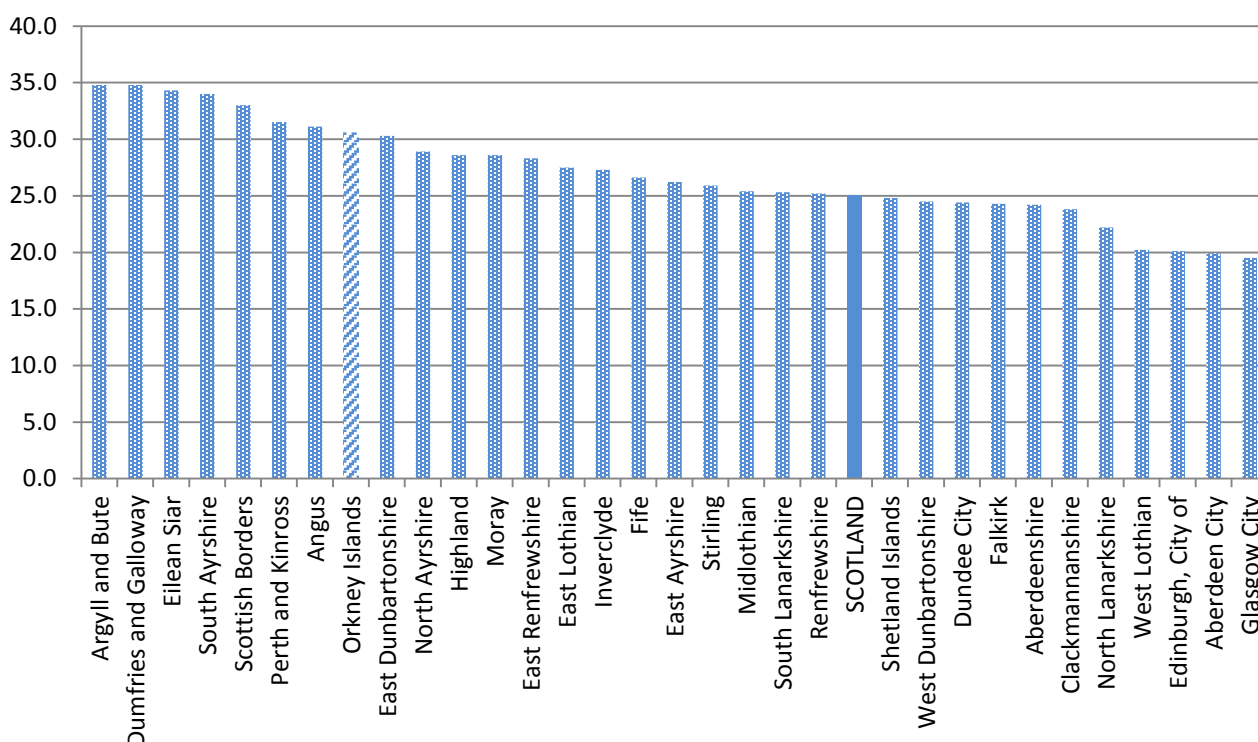
Note: People are economically active if they are in work or actively seeking employment.

## The CPP faces significant challenges in sustaining its communities

64. The CPP wants to encourage and sustain its communities to enable them to thrive throughout its islands. This means dealing with issues such as population decline, poverty and access to services. For a community, and its economy, to thrive in the longer term it needs a good mix of people of different age groups. The elderly dependency ratio measures the ratio of people aged over 65 to those of working age. Orkney's dependency ratio is the eighth highest in Scotland and more than five per cent above the Scottish average ([Exhibit 10](#)). The higher the proportion of people over 65, the greater the challenge for a smaller working population to support them.
65. Population projections for Orkney predict an even greater elderly dependency ratio. Orkney CPP aims to respond to this through its proposed priority of 'positive ageing'. This reflects the CPP's view that elderly people do not necessarily need to be dependent on the younger population, and its desire to enable more older people to live independently.

### Exhibit 10

#### Orkney's elderly dependency ratio shows it faces a challenge to maintain a good mix of people of different age groups



Source: National Records of Scotland, 2011 census

66. Access to services is a highly significant factor in sustaining communities and Orkney's island geography makes this particularly problematic. Residents in 15 of Orkney's 27 SIMD data zones, or statistical areas, are among the most deprived in Scotland for geographic access to services. Physical access to services such as schools, doctors' surgeries and social care

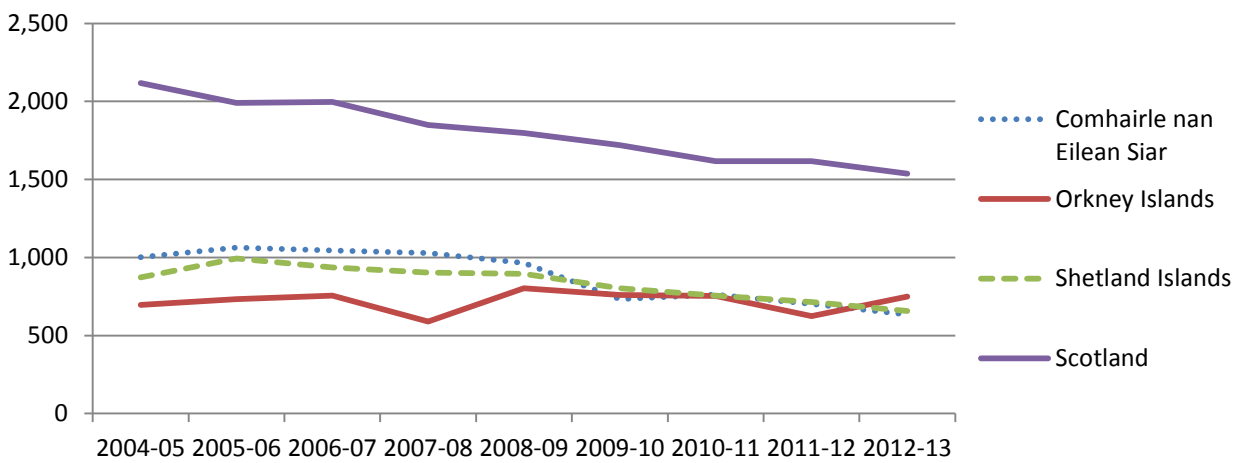
services will be difficult in small rural areas. Access to online services in Orkney can also be problematic given some areas lack of broadband availability. The CPP has recognised this and is committed to helping people access services wherever they live.

- 67. Crime and the fear of crime both affect people's sense of belonging and community, and areas with low levels of crime are likely to be attractive places to live. Orkney has amongst the lowest levels of crime, particularly compared with Scotland overall (Exhibit 11).

**Exhibit 11**

**Total recorded crimes and offences per 10,000 people**

Orkney has amongst the lowest levels of crime in Scotland



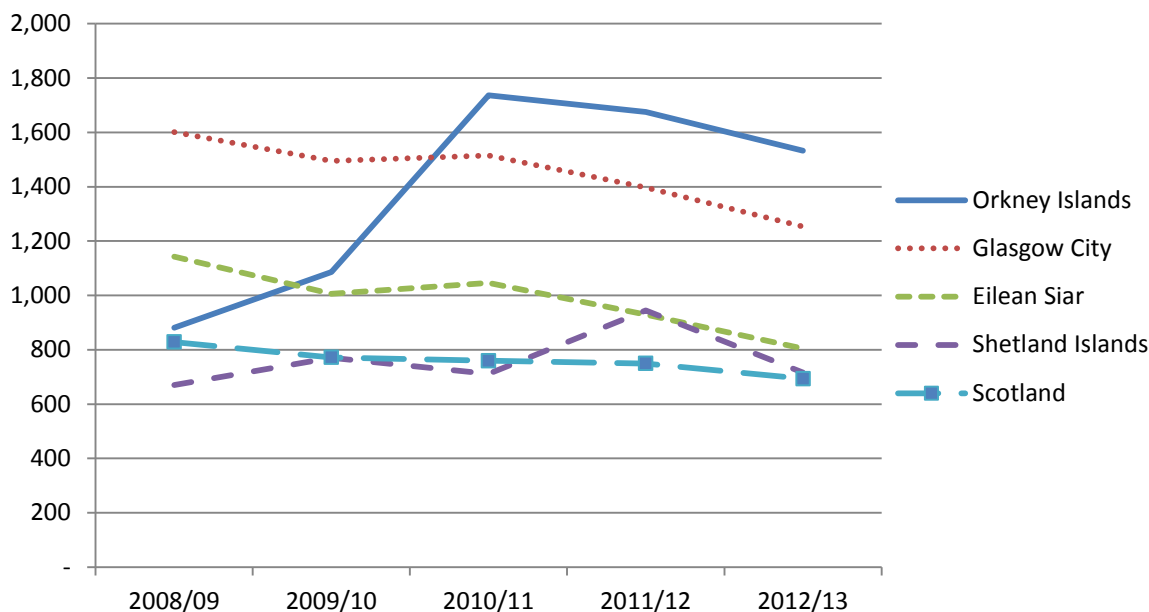
Source: Scottish Neighbourhood Statistics

- 68. Volunteering is an important contributing factor to a sense of community. It can also provide a structured way of giving older people the opportunity to contribute to their communities while keeping active and being in contact with other people. The CPP recognises this and aims to promote volunteering opportunities for older people under its proposed positive ageing priority.
- 69. Forty four percent of adults in Orkney are volunteers. This is significantly above the national average of 30 per cent and broadly comparable to the other island authorities. Orkney set five challenging volunteer-related targets in 2012/13, but met only one of these, the target for the number of youth volunteers. The CPP amended its targets in 2013/14, to reflect changes in data collection methods and to be more realistic based on previous years' performance. Although not yet published, data for 2013-14 present a more positive picture of volunteering.
- 70. One of the CPP's objectives in strengthening communities is to support agencies that focus on issues that can damage community wellbeing. As we highlighted earlier, partners acknowledge that alcohol misuse is an issue for Orkney. As shown in Exhibit 12, amongst Scottish authorities, Orkney has the highest proportion of patients being discharged from hospital for whom an alcohol-related diagnosis was a factor in their treatment. Its level is more

than double the national average. Despite the range of activity in Orkney aimed at preventing alcohol misuse, the CPP missed its 2012/13 target by almost 50 per cent.

**Exhibit 12**

**Number of hospital discharges with an alcohol-related diagnosis per 100,000 population (age standardised)**



Source: Scottish Government

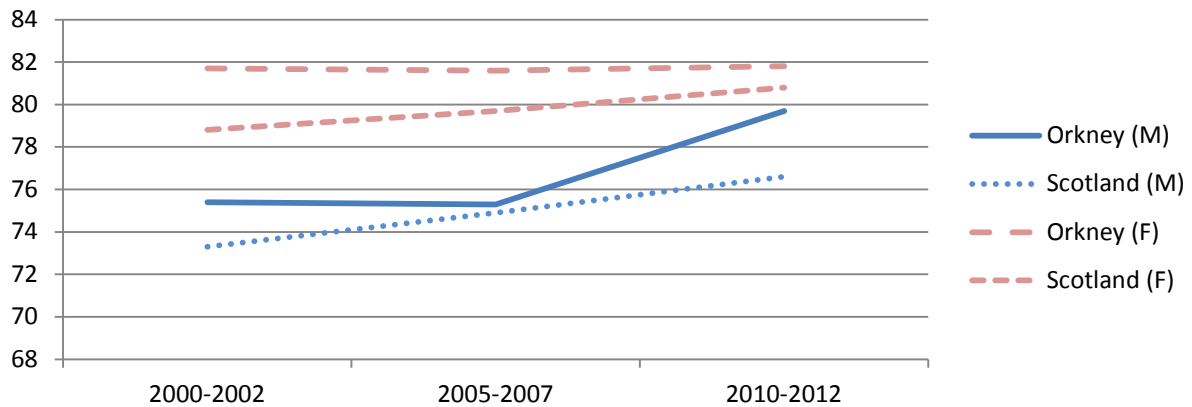
71. Looking in more detail, alcohol-related data show a different pattern in Orkney from the rest of Scotland. In particular, fewer than half of all alcohol-related discharges from hospital are due to emergency admissions, compared with over 90 per cent across Scotland. This suggests that in Orkney alcohol-related hospital admissions are more likely to be individuals with established illness rather than intoxication. This highlights both the challenge and importance of preventing alcohol-related diseases in future generations.

**Orkney residents have a long life expectancy, which has implications for demand on services**

72. Life expectancy in Orkney for both men and women is consistently above the Scottish average. Noticeably in Orkney, life expectancy for men is lengthening compared to the Scottish average, and the gap between men and women has closed significantly (Exhibit 13). The CPP recognises that, as people live longer, it is important they are kept healthy and independent. This highlights the importance of strategies to achieve its proposed priority of positive ageing.

**Exhibit 13****Life expectancy at birth**

Since 2000-2002, life expectancy for men and women has risen in Orkney and across Scotland. Orkney has seen the greatest improvement for men.



Note: results may vary from year to year particularly when based on small populations

Source: *General Register Office for Scotland*

73. Orkney's Health and Care Partnership (OHAC) is committed to helping people live as independently at home for as long as possible. The CPP uses the Scottish Government's *Change Fund* to support a range of care-related projects:
- a re-ablement service helping people re-learn skills, such as cooking and dressing, and increase confidence to live more independently
  - a care and repair service that helps home owners repair, improve and adapt their homes
  - rapid response for minor adaptations and equipment, such as grab rails
  - support for the Red Cross to provide step-down accommodation in Kirkwall to manage patients' transition from hospital to returning to live in rural and isolated locations.
74. One indicator of success in supporting people to live independently at home is the proportion of older people with intensive care needs who receive more than ten hours a week of home care. We could not reliably assess performance for this indicator over time due to inconsistencies in the way data have been recorded. The CPP has recognised this and plans to ensure future data will be recorded and monitored more consistently and comparable with other CPPs.
75. As might be expected in a rural area, a higher proportion of adults in Orkney have a full driving licence compared with the Scottish average (81 per cent compared with 68 per cent). The difference is even greater for those aged 65+ (75 per cent compared with 58 per cent). An aim of the CPP's positive ageing priority is to provide older people with affordable transport. The SOA shows that concessionary passengers using bus services exceeded the target by more than a quarter.

## The CPP needs to improve its public performance reporting

76. Performance reporting to the public is limited to the annual performance report. This is available on the CPP's website but is not easy to find. The CPP recognises it can improve public reporting. In 2014, the CPP revised its communications strategy but this makes no reference to how it will communicate performance to the public.
- 

### Recommendations

The CPP should decide the most appropriate measures to show progress against its three proposed priorities.

The CPP should make its public performance reports easier for the public to find and clearly explain how its activities have contributed to improved outcomes.



# Improvement agenda

## Vision and strategic direction

- The CPP Steering Group urgently needs to: agree and communicate its priorities to partners and staff; clarify the specific outcomes it wants to achieve and assign the resources needed to achieve these.
- The Steering Group needs to set a clearer strategy for dealing with issues such as health and social care integration and prevention, and to respond to local issues, such as the ageing population, alcohol misuse and obesity among children.
- All partners need to take collective ownership of developing the CPP's priorities and of shaping the Steering Group's agenda.

## Governance and accountability

- The CPP should review and amend its structure, to provide an effective framework for all partners to contribute to delivery of the CPP priorities, in proportion to their respective capacities.
- The Steering Group should provide stronger strategic leadership, direction and support to thematic groups. It should hold them to account for delivering their objectives by scrutinising performance more effectively. The CPP should also use performance reviews to identify lessons and share learning.
- The CPP should make better use of its self-evaluation activity and workshops by developing improvement plans that allocate responsibility and timescales for implementing improvements.

## Collaboration and use of resources

- The CPP should set out clearly how individual partners will use, share and align their resources to help deliver the CPP's proposed priorities and SOA outcomes.
- The CPP should tell local communities how their contributions have influenced the CPP's decisions.
- The CPP should maximise the success of the Empowering Communities initiative, to help maintain remote and fragile communities. It should also explore what other services could be devolved for delivery by local communities.

## Performance and outcomes

- The CPP should decide the most appropriate measures to show progress against its three proposed priorities.
- The CPP should make its public performance reports easier for the public to find and clearly explain how its activities have contributed to improved outcomes.

# Appendix

## Audit methodology

The focus of our work was to assess the effectiveness of community planning in Orkney in making a difference to local communities.

We did this by gathering and evaluating evidence to allow us to address the four main questions that this report is structured around.

The audit team included staff from Audit Scotland and representatives from the Care Inspectorate and the Audit Commission.

## Thematic reviews

We conducted specific audit work under the themes of health and wellbeing (with a particular focus on Orkney's ageing population and alcohol use) and rural sustainability (with particular focus on the economic development of its rural communities).

Due to Orkney's small scale and the fact that it does not have localised community planning arrangements, we did not focus on specific localities beyond the sustainability of communities on the outer isles.

## Desk research

Our audit team reviewed a range of documentary evidence provided by the partnership, including:

- previous and current versions of the SOA
- individual community planning partner organisations' strategies
- community planning meeting agendas, minutes and reports.

## Data analysis

We analysed performance data for a range of indicators in the Orkney Community Plan, incorporating Orkney's SOA 2013-16, including the following sources:

- Scottish Neighbourhood Statistics
- Scottish Index of Multiple Deprivation
- Office for National Statistics
- National Records of Scotland
- Nomis labour market statistics
- The Scottish Public Health Observatory
- NHS Scotland Information Services Division
- Scottish Household Survey
- Local Government Benchmarking Framework.

## On site fieldwork

We observed a selection of community planning meetings and carried out interviews and focus groups with a range of community planning partners during May 2014 to explore how well partners are collaborating in practice. These included members of the Steering Group, the Partnership Liaison Group and thematic groups representing the following organisations:

- Blide Trust
- Employability Orkney
- Jobcentre Plus
- Highlands and Islands Enterprise
- The Highlands and Islands Transport Partnership (HITRANS)
- NHS Orkney
- Orkney Health and Care
- Orkney Housing Association Limited
- Orkney Islands Council
- Police Scotland
- Scottish Children's Reporter Administration
- Scottish Fire and Rescue Service
- Voluntary Action Orkney.

We also met with representatives from the following community council and community development trusts:

- South Ronaldsay and Burray Community Council
- Holm Community Council
- Papa Westray Community Council
- Papa Westray Development Trust
- Rousay, Egilsay, Wyre and Gairsay Community Council
- Rousay, Egilsay and Wyre Development Trust
- Westray Development Trust.

## **ACCOUNTS COMMISSION**

### **MEETING 9 OCTOBER 2014**

#### **REPORT BY SECRETARY TO THE COMMISSION**

#### **MEETING ARRANGEMENTS 2015**

---

##### **Purpose**

1. The purpose of this report is to propose meeting arrangements for the Commission for 2015.

##### **Background**

2. The Commission has in its Strategy a commitment to continuously improve how it does its business and to consider how it can manage better the expanding volume of business for which it is responsible.
3. In October each year, the Commission agrees its meeting schedule for the following year. Last year at this point, the Commission discussed how to make more effective use of its time and thus considered the possibility of meeting less frequently, but decided to retain its customary schedule of meeting monthly. It did however decide to change meeting arrangements for its committees. Previously, the committees met on separate days. The Commission decided that the committees meet on the same day, and to introduce a lunchtime slot for a guest speaker.
4. This paper asks the Commission to approve a schedule of meetings for 2015. It also reviews aspects of how the Commission conducts its business, as well as the committee day arrangements.

##### **Frequency of meetings**

5. The attached Appendix proposes a schedule of meetings for 2015.
6. It is of course difficult to predict with any great accuracy the Commission's workload for next year. Nevertheless, there are a number of issues that Commission members should bear in mind in this regard:
  - The Commission will be considering at its next meeting a paper on the next iteration of the audit of Best Value with a view to it being introduced from 2015.
  - The Commission will resume audit responsibility for integrated joint boards in relation to health and social care.
  - While the number of statutory reports from the Controller of Audit has not seen a significant increase in recent years, the Commission has consistently highlighted the risks associated with financial austerity and increased demand on council services, and thus greater risks of performance issues arising in this regard.
  - The Commission is considering at today's meeting its draft report in conjunction with the Auditor General on community planning. Meanwhile, the Community Empowerment Bill – with implications therein for community planning – is currently subject of Parliamentary scrutiny. There will, therefore, be changes to the framework within which community planning operates, and possible implications for audit and inspection.

7. These issues point to the likelihood of the Commission's workload being at least sustained at current levels, and indeed more likely to increase over the next year.
8. In considering the proposed schedule, the Commission may also wish to consider the scheduling of its annual strategy seminar. It is proposed that this take place some time during late March 2015.

### **Public and private business**

9. In 2011, the Commission agreed to introduce the practice of meeting in public. This has led to most Commission business being dealt with in public and thus allowing the Commission to demonstrate transparency in how it does its business. In practice, the business that is retained for private consideration is mainly to ensure that the Commission's external messages are managed effectively through its formal publications and thus avoiding any leaks or misinterpretation of Commission discussion, and ensuring clarity in Commission messages. Private business therefore includes:
  - draft performance audit reports
  - reaching decisions about actions in relation to Controller of Audit report
  - reaching policy positions
  - discussing confidential issues such as budgets.
10. This practice is in line with, for example, that of many other public bodies and of committees in the Scottish Parliament. Commission members have discussed this practice at recent strategy seminars and have agreed that it works effectively. In addition, the Chair has recently introduced a private session at the end of the formal Commission meeting to allow discussion of any other confidential business, such as intelligence or issues arising from the audit, or issues that Commission members may wish to raise with the Chair. He is proposing that this be done by way of an informal private session before the start of formal Commission business, say at 9.45am, with the Commission meeting at 10.15am. Again, such a practice is in line with Parliamentary committees.
11. At its last meeting, the Commission discussed how to make its meetings more accessible. I will report back to the Commission in this regard in due course.

### **Committee days**

12. This year the Commission introduced the practice of its committees meeting on the same day. It also agreed to continue the practice that it started in 2013 of having a guest speaker. It felt that such a session would work well on a 'committee day' allowing all members to attend as much of the day as they wish and to take advantage of the lunchtime speaker session.
13. On a typical day, the meeting of the first committee starts at 10.30am and finishes at 12.15pm, with a lunchtime speaker slot between 12.45pm to 1.45pm, and the second committee meeting from 2.00pm to 3.45pm. There have been occasions when the business of the morning meeting has led to a shortage of time. The Chair therefore proposes that the first committee start slightly earlier at 10.00am allowing a two hour meeting, while the afternoon meeting finish slightly later than currently, at 4.00pm.
14. In 2013, the lunchtime speaker schedule was based upon policy issues of interest to the Commission, thus speakers from various councils and scrutiny partners on public finances, children's services, social services, and housing. This year, the speakers have

been from organisations whose work is of direct relevance to the Commission. They have been:

- February: Jim Martin, Scottish Public Sector Ombudsman
- May: Bill Thomson, Commissioner for Ethical Standards in Public Life in Scotland
- September: Ian Gordon, Convener of the Standards Commission for Scotland
- November: Rosemary Agnew, Scottish Information Commissioner.

15. It is proposed to continue with the practice of both the Commission's committees meeting on the same day.

### **Conclusion**

16. The Commission is invited to:

- consider the proposed meeting schedule for meetings of the Commission and its committees in 2015;
- consider the proposal that the annual strategy seminar take place in late March 2015;
- consider the proposal of a brief informal private session before the start of formal meetings of the Commission; and
- if minded to retain a speaker session during committee days, consider a schedule of speakers for 2015.

**Paul Reilly**  
**Secretary to the Accounts Commission**  
**1 October 2014**

## APPENDIX

### ACCOUNTS COMMISSION

#### MEETING SCHEDULE 2014

15 January	Accounts Commission	
12 February	Accounts Commission	
26 February	Committees	PAC am; FAAC pm
12 March	Accounts Commission	
16 April	Accounts Commission	
30 April	Committees	FAAC am; PAC pm
14 May	Accounts Commission	
11 June	Accounts Commission	
18 June	Committees (optional date –only if business requires)	
13 August	Accounts Commission	
10 September	Accounts Commission	
24 September	Committees	PAC am; FAAC pm
8 October	Accounts Commission	
12 November	Accounts Commission	
26 November	Committees	FAAC am; PAC pm
10 December	Accounts Commission	

\* Please note that 16 April is the third Thursday of the month, rather than the customary second Thursday.

#### **Proposed 'committee day' arrangements:**

10.00am – 12.00pm: First committee meeting

12.15pm – 12.45pm: Lunch

12.45pm – 1.45pm: Visiting speaker

2.00pm – 4.00pm: Second committee meeting